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U.S. Department of Agriculture

**1993 BUDGET
EXPLANATORY NOTES
FOR
COMMITTEE ON APPROPRIATIONS
VOLUME 2**

Animal and Plant Health Inspection Service
Agricultural Marketing Service
Funds For Strengthening Markets,
Income, and Supply (Section 32)
Federal Grain Inspection Service
Agricultural Cooperative Service
Packers and Stockyards Administration
Food Safety and Inspection Service

Economic Research Service
National Agricultural Statistics Service
World Agricultural Outlook Board

Office of International
Cooperation and Development
Foreign Agricultural Service
Public Law 480
Agricultural Stabilization and
Conservation Service
Commodity Credit Corporation

Human Nutrition Information Service
Food and Nutrition Service

General Provisions



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ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Purpose Statement

The Animal and Plant Health Inspection Service (APHIS) was established by the Secretary of Agriculture on April 2, 1972, under the authority of the Reorganization Plan No. 2 of 1953 and other authorities. The primary mission of APHIS is to protect the Nation's animal and plant resources from diseases and pests in order to preserve the marketability of U.S. agricultural products within this country and abroad. The mission is carried out under the major areas of activity, as follows:

Pest and Disease Exclusion: The Agency conducts inspection and quarantine activities at U.S. ports-of-entry to prevent the introduction of exotic animal and plant diseases and pests. The Agency also participates in inspection, survey, and control activities in foreign countries to reinforce its domestic activities. Current user fees cover international passengers, commercial vessels and trucks, and railroad cars. APHIS is proposing user fees for international commercial aircraft, commercial phytosanitary certificates, private phytosanitary certificates and re-issued phytosanitary certificates.

Plant and Animal Health Monitoring: The Agency conducts programs to assess animal and plant health and to detect endemic and exotic diseases and pests.

Pest and Disease Management Programs: The Agency carries out programs to control and eradicate infestations and animal diseases that threaten the United States; reduce agricultural losses caused by predatory animals, birds, and rodents; provide technical assistance to other cooperators such as States, counties, and farmer or rancher groups, and foundations; ensure compliance with interstate movement and other disease control regulations within the jurisdiction of the Agency.

Animal Care: The Agency conducts regulatory activities which ensure the humane care and treatment of animals and horses as required by the Animal Welfare and Horse Protection Acts. These activities include inspection of certain establishments which handle animals intended for research, exhibition, and as pets, and monitoring of certain horse shows.

Scientific and Technical Services: The Agency performs other regulatory activities, including the development of standards for the licensing and testing of veterinary biologicals to ensure their safety and effectiveness; diagnostic activities in support of the control and eradication programs in other functional components; applied research aimed at reducing economic damage from vertebrate animals; development of new pest and animal damage control methods and tools; and regulatory oversight of genetically engineered products.

As of September 30, 1991, there were 5,160 permanent full-time employees and 1,263 other than permanent full-time employees. Of the total, 904 permanent full-time employees and 77 other than permanent full-time employees work in central offices in the Washington metropolitan area. The field activities are managed on a national basis through 10 regional offices and 119 field offices. Much of the work is conducted in cooperation with State and local agencies, private groups, and foreign governments. Most of APHIS' work is conducted at field locations in the 50 States, Puerto Rico, Virgin Islands, Mexico, Central America, the Caribbean, Western Europe, Australia, Asia, and Africa.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

Item	1991 Actual		1992 Estimated		1993 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
<u>Appropriated:</u>						
Salaries and Expenses.....	\$381,114,736	5,413	\$345,577,000	4,362	\$332,682,000	4,189
Agricultural quarantine inspection user fees.....	5,167,000	110	85,362,000	1,421	86,147,000	1,411
Emergency transfers (CCC).....	10,877,215	99	2,668,058	--	686,000	--
Puerto Rico cattle tick.....	10,825,000	--	10,825,000	--	10,825,000	--
Buildings and Facilities.....	21,395,722	--	21,396,000	--	10,400,000	--
	429,379,673	5,622	465,828,058	5,783	440,740,000	5,600
<u>Obligations under other USDA Appropriations:</u>						
Agricultural Cooperative Service for administrative support.....	\$139,146	3	\$140,000	3	\$140,000	3
Agricultural Marketing Service: for administrative support.....	1,998,000	45	1,100,000	27	1,100,000	27
for 1890 College internship program	26,626	--	26,600	--	26,600	--
Agricultural Research Service: for predator control.....	38,000	--	38,000	--	38,000	--
for 1890 College internship program.....	10,142	--	10,000	--	10,000	--
Agricultural Stabilization and Conservation Service: for contamination and residue testing.....	39,004	--	39,000	--	39,000	--
for 1890 College internship program.....	21,448	--	21,500	--	21,500	--
Economic Research Service for 1890 College internship program.....	16,694	--	17,000	--	17,000	--
Federal Grain Inspection Service for administrative support.....	1,041,190	31	1,041,000	31	1,041,000	31
Food Safety Inspection Service for 1890 College internship program.....	11,926	--	12,000	--	12,000	--
Human Nutrition Informa. Service for administrative support.....	98,311	--	98,000	--	98,000	--
Office of International Cooperation and Development for employee services and training and animal damage control.....	752,003	--	752,000	--	752,000	--
Office of Inspector General for administrative support.....	13,394	--	13,400	--	13,400	--
Office of Personnel 1890 College internship program.....	11,619	--	12,000	--	12,000	--
Office of Transportation for administrative support (AMS).....	21,819	--	--	--	--	--
Packers and Stockyards Administration for administrative support.....	269,481	6	270,000	6	270,000	6
Miscellaneous reimbursements: 1890 Land Grant Institutions internships.	36,926	--	37,000	--	37,000	--
Total, Other Agriculture Appropriations.....	4,545,729	85	3,627,500	67	3,627,500	67
Total, Agriculture Appropriations.....	433,925,402	5,707	469,455,558	5,850	444,367,500	5,667

Item	1991 Actual		1992 Estimated		1993 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Other Federal Funds:						
Department of Energy for animal damage control activities.....	2,000	--	2,000	--	2,000	--
Department of Health and Human Services for plant residue analysis and sharing a vehicle.....	630,000	--	630,000	--	630,000	--
Department of the Interior:						
Fish and Wildlife Service for animal damage control.....	145,628	--	146,000	--	146,000	--
Bureau of Land Management for animal damage control.....	1,000	--	1,000	--	1,000	--
Department of Transportation (NOAA).	4,000	--	4,000	--	4,000	--
Department of Treasury for shuttle service.....	69,526	--	70,000	--	70,000	--
Federal Aviation Administration for animal damage control.....	246,157	--	246,000	--	246,000	--
Forest Service:						
for animal damage control, and gypsy moth control.....	292,048	--	292,000	--	292,000	--
for 1890 College internship program.....	18,134	--	18,000	--	18,000	--
Tennessee Valley Authority for animal damage control activities.....	25,811	--	26,000	--	26,000	--
U.S. Air Force for animal damage control activities.....	15,578	--	16,000	--	16,000	--
U.S. Army for animal damage control activities	206,355	--	206,000	--	206,000	--
U.S. Marine Corps for animal damage control activities.....	11,000	--	11,000	--	11,000	--
U.S. Navy:						
Overtime quarantine inspection.....	105,000	--	105,000	--	105,000	--
Animal damage control.....	135,740	--	136,000	--	136,000	--
Total, Other Federal Funds.....	1,907,977	--	1,909,000	--	1,909,000	--
Total, Federal Funds.....	435,833,379	5,707	471,364,558	5,850	446,276,500	5,667
Reimbursements:						
Funds from State and local governments for animal damage control activities.....	5,472,607	121	5,000,000	121	5,000,000	121
California Department of Food and Agriculture for inspection services.....	316,467	10	3,400,000	51	3,400,000	50
Illegally imported birds.....	148,778	--	150,000	--	152,000	--
Import-Export user fees.....	--	--	3,324,000	--	8,100,000	99
Phytosanitary certificate user fees.....	--	--	3,119,000	--	3,368,000	10
Reimbursable overtime.....	23,172,687	--	9,096,000	--	9,795,000	--
Truman Animal Import Center.....	874,393	--	852,000	--	888,000	--
Veterinary diagnostics user fees.....	--	--	1,013,000	--	1,800,000	--
Trust Funds:						
Feed, care, and attendants for animals in quarantine.....	1,338,454	23	1,400,000	23	1,440,000	23
Miscellaneous Contributed Funds.....	8,042,131	30	5,600,000	30	5,663,000	30
Total, Non-Federal Funds.	39,365,517	184	32,954,000	225	39,606,000	333
Total, Animal and Plant Health Inspection Service.....	475,198,896	5,891	504,318,558	6,075	485,882,500	6,000

	1991 <u>Actual</u>	1992 <u>Estimated</u>	1993 <u>Estimated</u>
Full-Time Equivalent Staff-Years:			
Ceiling.....	5,891	6,075	6,000
Non-Ceiling.....	342	342	342
Total.....	6,233	6,417	6,342

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Permanent Positions by Grade and Staff-Year Summary1991 and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Headquarter	Field	Total	Headquarter	Field	Total	Headquarter	Field	Total
ES-5	6	2	8	6	2	8	6	2	8
ES-4	3	6	9	3	6	9	3	6	9
ES-3	6	2	8	6	2	8	6	2	8
ES-2	-	-	-	-	-	-	-	-	-
ES-1	1	1	2	1	1	2	1	1	2
GS/GM-15	49	26	75	50	27	77	51	28	79
GS/GM-14	160	106	266	164	108	272	168	110	278
GS/GM-13	149	235	384	152	240	392	155	245	400
GS-12	92	504	596	94	515	609	96	527	623
GS-11	70	461	531	72	471	543	74	482	556
GS-10	1	1	2	1	1	2	1	1	2
GS-09	69	1,013	1,082	71	1,206	1,277	73	1,192	1,265
GS-08	17	26	43	17	27	44	17	28	45
GS-07	73	564	637	75	677	752	77	590	667
GS-06	69	134	203	70	138	208	72	141	213
GS-05	83	461	544	85	471	556	87	482	569
GS-04	48	329	377	49	337	386	49	348	397
GS-03	11	28	39	11	29	40	11	30	41
GS-02	1	1	2	1	1	2	1	1	2
Other Graded Positions.....	22	360	382	22	368	390	23	376	399
Ungraded Positions	0	111	111	0	114	114	0	117	117
Total Permanent Positions	930	4,371	5,301	950	4,741	5,691	971	4,709	5,680
Unfilled Positions End-of-Year.....	-6	-116	-122	-6	-118	-124	-6	-122	-128
Total, Permanent Employment, End-of-Year.....	924	4,255	5,179	944	4,623	5,567	965	4,587	5,552
Staff-Years:									
Ceiling.....	983	4,908	5,891	1,006	5,069	6,075	998	5,002	6,000
Non-Ceiling.....	7	335	342	7	335	342	7	335	342
TOTAL.....	990	5,243	6,233	1,013	5,404	6,417	1,005	5,337	6,342

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters.....	\$36,122,609	\$39,605,000	\$39,100,000
Field.....	<u>144,490,430</u>	<u>158,420,000</u>	<u>155,903,000</u>
11 Total personnel compensation.....	180,613,039	198,025,000	195,003,000
12 Personnel benefits.....	40,815,621	43,199,000	43,586,000
13 Benefits for former personnel.....	<u>708,469</u>	<u>700,000</u>	<u>700,000</u>
Total personnel compensation and benefits.....	222,137,129	241,924,000	239,289,000
Other Objects:			
21 Travel.....	13,360,241	14,194,000	14,616,000
22 Transportation of things.....	4,278,747	4,692,000	4,522,000
23.2 Rental payments to others.....	3,462,026	3,796,000	3,659,000
23.3 Communications, utilities and miscellaneous charges.....	14,682,687	15,380,000	16,115,000
24 Printing and reproduction	1,057,961	720,000	700,000
25 Other services.....	71,242,321	77,019,000	63,212,000
26 Supplies and materials...	25,930,479	28,430,000	27,402,000
31 Equipment.....	28,022,877	30,725,000	29,614,000
32 Lands and structures....	146,364	250,000	241,000
41 Grants, contributions and subsidies.....	18,516,973	23,717,000	25,798,000
42 Insurance claims and indemnities.....	2,474,433	3,538,000	3,152,000
43 Interest and dividends...	<u>42,529</u>	<u>47,000</u>	<u>45,000</u>
Total other objects.....	<u>183,217,638</u>	<u>202,508,000</u>	<u>189,076,000</u>
Total direct obligations.....	<u>405,354,767</u>	<u>444,432,000</u>	<u>428,365,000</u>

Position Data:

Average Salary, ES positions...	\$99,100	\$103,000	\$106,900
Average Salary, GM/GS positions.....	38,000	39,500	41,100
Average grade, GM/GS positions.	8.61	8.61	8.61

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language is underscored; deleted matter is enclosed in brackets):

Salaries and Expenses:

- For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c), necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to discharge the authorities of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468; 7 U.S.C. 426-426b); and to protect the environment, as authorized by law, [\$430,939,000] \$418,829,000, of which [\$85,922,000] \$86,147,000 shall be derived from user fees deposited in the Agricultural Quarantine Inspection User Fee Account, and of which [\$5,000,000] \$3,217,000 shall be available for the control of outbreaks of insects, plant diseases, animal diseases and for control of pest animals and birds to the extent necessary to meet emergency
- 1 conditions: Provided, that if the demand for AQI user fee financed services is greater than expected and/or other uncontrollable events occur, the Agency may exceed the AQI User Fee limitation by up to 10 percent, provided such funds are available in the Agricultural Quarantine Inspection User Fee Account, and with
 - 2 notification to the Appropriations Committees: [Provided, That \$500,000 of the funds for control of the fire ant shall be placed in reserve for matching purposes with States which may come into the program:] Provided further, That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by the States of at least 40 per centum: Provided further, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed four, of which two shall be for replacement only: Provided further, That, in addition, in emergencies which threaten any segment of the agricultural production industry of this country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary, to be available only in such emergencies for the arrest and eradication of contagious or infectious disease or pests of animals, poultry, or plants, and for expenses in accordance with the Act of February 28, 1947, as amended, and section 102 of the Act of September 21, 1944, as amended, and any unexpended balances of funds transferred for such emergency purposes in the next preceding fiscal year shall be merged with such transferred amounts[:
 - 3 Provided further, That none of these funds shall be used to develop, establish, or operate any user fee program for agricultural quarantine and inspection to prevent the movement of exotic pests and diseases from Hawaii and Puerto Rico as authorized by 31 U.S.C. 9701].

The first change provides for the Agricultural Quarantine Inspection User Fee program to exceed its budget limitation by up to 10 percent should demand for services and revenues warrant.

The second change eliminates the language that places funds in reserve for the imported fire ant control matching program. APHIS would enter into cooperative agreements with States to conduct regulatory and survey activities.

The third change eliminates language which would restrict the Secretary from spending appropriated funds for the development of agricultural quarantine and inspection program user fees for Hawaii and Puerto Rico.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

Appropriations Act, 1992.....	\$430,939,000
Budget Estimate, 1993.....	<u>418,829,000</u>
Decrease in Appropriation.....	<u>-12,110,000</u>

Summary of Increases and Decreases
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Agricultural quarantine inspection-Appropriated.	20,425,000	+319,000	+1,973,000	22,717,000
Import-export.....	9,918,000	+58,000	-5,210,000	4,766,000
International programs..	4,498,000	+29,000	+148,000	4,675,000
Mediterranean fruit fly.	10,052,000	+55,000	+106,000	10,213,000
Screwworm.....	34,011,000	+54,000	+580,000	34,645,000
Animal disease detection	16,909,000	+61,000	-145,000	16,825,000
Fruit fly detection.....	3,941,000	+30,000	-319,000	3,652,000
Pest detection.....	3,976,000	+24,000	-575,000	3,425,000
Animal control.....	25,612,000	+317,000	-1,024,000	24,905,000
Biocontrol.....	4,417,000	+108,000	+2,796,000	7,321,000
Boll weevil.....	13,135,000	+51,000	-1,931,000	11,255,000
Cattle ticks.....	6,172,000	+57,000	-1,704,000	4,525,000
Golden nematode.....	862,000	+6,000	-217,000	651,000
Grasshopper-Mormon cricket.....	8,850,000	--	-8,850,000	--
Honey bee pest.....	531,000	+7,000	-131,000	407,000
Imported fire ant.....	3,698,000	+7,000	-2,115,000	1,590,000
Miscellaneous plant and animal diseases.....	3,445,000	+33,000	-256,000	3,222,000
Noxious weed.....	820,000	+1,000	-259,000	562,000
Pink bollworm.....	2,792,000	+15,000	-1,758,000	1,049,000
Pseudorabies.....	7,554,000	+33,000	-841,000	6,746,000
Russian wheat aphid.....	2,400,000	--	-2,400,000	--
<u>Salmonella enteritidis..</u>	--	--	+3,400,000	3,400,000
Sweet potato whitefly...	--	--	+3,500,000	3,500,000
Animal welfare.....	9,188,000	+93,000	-357,000	8,924,000
Animal control methods development....	9,517,000	+86,000	-250,000	9,353,000
Biotechnology.....	6,194,000	+43,000	-145,000	6,092,000
Integrated systems acquisition project....	2,507,000	--	+2,507,000	5,014,000
Contingency fund.....	5,000,000	--	-1,783,000	3,217,000
Other.....	<u>214,515,000</u>	<u>+1,663,000</u>	<u>--</u>	<u>216,178,000</u>
Total Available.....	<u>430,939,000</u>	<u>+3,150,000</u>	<u>-15,260,000</u>	<u>418,829,000</u>

PROJECT STATEMENT
(On Basis of Appropriation)
(Dollars in Thousands)

Project	1981 Actual		1982 Estimated		Increase or Decrease	1993 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Pest and disease exclusion:							
(a) Africanized honeybee.....	488,878	8	-	-	-	-	-
(b) Agricultural quarantine inspection (Appropriated).....	70,880,110	462	20,426,000	602	2,282,000	22,717,000	460
(c) Agricultural quarantine inspection (User fees).....	5,133,110	1,332	85,382,000	1,428	785,000	88,147,000	1,411
(d) Foot-and-mouth disease.....	3,724,808	11	3,881,000	13	7,000	3,898,000	11
(e) Import-Export inspection.....	10,528,878	182	8,818,000	218	-5,162,000	4,788,000	93
(f) International programs.....	4,333,388	38	4,488,000	41	177,000	4,875,000	48
(g) Mediterranean fruit fly.....	11,888,557	84	10,052,000	84	181,000	10,213,000	73
(h) Mexican fruit fly.....	1,784,585	24	1,164,000	24	-	1,164,000	21
(i) Screwworm.....	33,284,878	138	34,011,000	138	634,000	34,845,000	81
Total, Pest and Disease Exclusion.....	142,147,183	2,284	168,321,000	2,446	(1) -1,088,000	168,225,000	2,208
2. Plant and animal health monitoring:							
(a) Animal disease detection.....	15,888,282	271	18,808,000	287	-84,000	18,825,000	251
(b) Animal and plant health regulatory enforcement.....	5,788,518	121	5,780,000	131	68,000	5,859,000	115
(c) Fruit fly detection.....	-	51	3,841,000	51	-288,000	3,852,000	51
(d) Pest detection.....	4,091,483	67	3,876,000	69	-551,000	3,425,000	55
Total, Plant and animal health monitoring.....	25,577,284	510	30,616,000	518	(2) -855,000	28,781,000	472
3. Pest and disease management:							
(a) Animal damage control (ADC)...	24,748,863	474	25,612,000	504	-707,000	24,905,000	500
(b) Biocontrol.....	4,221,602	116	4,417,000	120	2,804,000	7,321,000	131
(c) Boll weevil.....	13,166,882	120	13,135,000	118	-1,880,000	11,255,000	97
(d) Brucellosis.....	83,066,038	575	87,000,000	580	348,000	87,346,000	577
(e) Cattle ticks.....	5,838,068	131	8,172,000	131	-1,847,000	4,525,000	101
(f) Citrus canker.....	1,263,881	16	-	-	-	-	-
(g) Golden nematode.....	807,580	20	882,000	20	-211,000	851,000	15
(h) Grasshopper and Mormon cricket.....	3,880,808	22	3,850,000	38	-3,850,000	-	57
(i) Grasshopper and Mormon cricket: no-year.....	4,214,538	-	5,000,000	-	-5,000,000	-	-
(j) Gypsy moth.....	4,872,482	108	5,148,000	108	57,000	5,205,000	105
(k) Honeybee pests.....	502,385	4	531,000	4	-124,000	407,000	10
(l) Imported fire ant.....	4,207,300	30	3,888,000	30	-2,108,000	1,590,000	11
(m) Miscellaneous plant and animal diseases.....	2,378,201	10	3,445,000	37	-223,000	3,222,000	46
(n) National poultry improvement plan.....	223,815	4	245,000	4	2,000	247,000	4
(o) Noxious weeds.....	1,081,081	8	820,000	12	-258,000	582,000	2
(p) Pink bollworm.....	2,799,307	23	2,792,000	23	-1,743,000	1,049,000	26
(q) Poultry diseases.....	782,188	7	722,000	7	8,000	730,000	14
(r) Pseudorabies.....	6,881,034	31	7,654,000	34	-808,000	6,748,000	34
(s) Russian wheat aphid.....	2,406,482	15	2,400,000	-	-2,400,000	-	-
(t) <u>Salmonella enteritidis</u>	-	-	-	-	3,400,000	3,400,000	48
(u) Scrape.....	1,086,888	4	848,000	14	-	848,000	15
(v) Sweet potato whitefly.....	-	-	-	-	3,500,000	3,500,000	50
(w) Swine health protection.....	3,047,082	78	3,588,000	84	58,000	3,844,000	97
(x) Tuberculosis.....	3,755,150	34	3,738,000	37	26,000	3,764,000	44
(y) Witchweed.....	5,150,027	80	5,386,000	80	38,000	5,425,000	65
Total, Pest and disease management.....	180,488,781	1,810	166,858,000	1,885	(3) -10,618,000	158,340,000	2,048

Project	1991 Actual		1992 Estimated		Increase or Decrease	1993 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
4. Animal care:							
(a) Animal welfare.....	8,867,505	176	8,198,000	175	-254,000	8,824,000	168
(b) Horse protection.....	257,442	8	358,000	8	2,000	380,000	8
					(4)		
Total, Animal care.....	9,224,847	184	8,546,000	184	-262,000	9,284,000	174
5. Scientific and technical services:							
(a) Animal control methods development.....	8,885,325	130	9,517,000	130	-184,000	9,353,000	127
(b) Biotechnology.....	5,707,359	55	9,184,000	80	-102,000	9,082,000	61
(c) Integrated systems acquisition project.....	-	-	2,507,000	-	2,507,000	5,014,000	5
(d) Plant methods development labs.....	7,040,551	80	7,215,000	93	83,000	7,288,000	140
(e) Veterinary biologics.....	9,027,081	175	9,728,000	182	71,000	9,800,000	191
(f) Veterinary diagnostics.....	13,974,047	175	14,335,000	175	110,000	14,445,000	173
Total, Scientific and technical services.....	44,445,353	525	48,487,000	550	2,505,000	52,002,000	687
Total, Annual funds.....	381,863,568	5,523	425,838,000	5,783	-10,327,000	415,812,000	5,800
9. Contingencies: plant and animal diseases and pests.....	3,000,304	-	5,000,000	-	-1,783,000	3,217,000	-
Unobligated balance available start-of-year.....	-20,514,202	-	-	-	-	-	-
Unobligated balance available end-of-year.....	18,108,282	-	-	-	-	-	-
Unobligated balance expiring.....	6,431,092	-	-	-	-	-	-
Total, Available or estimate, appropriated funds.....	389,788,054	5,523	430,838,000	5,783	-12,110,000	418,828,000	5,800
7. Advances and reimbursements:							
(a) Federal.....	5,453,705	85	5,535,500	57	-	5,538,500	87
(b) Non-Federal.....	22,521,424	131	27,138,500	172	5,948,000	33,086,500	280
Total, Advances and reimbursements.....	28,975,130	215	32,575,000	238	5,948,000	38,523,000	347
8. Cattle tick (FNS).....	10,825,000	-	10,825,000	-	-	10,825,000	-
9. Emergency programs (CCC).....	9,665,895	89	952,000	-	-275,000	886,000	-
10. Gramm-Rudman-Hollings reduction.....	5,254	-	-	-	-	-	-
Total, Available or estimate..... a/	439,260,343	5,838	475,401,000	6,022	-6,438,000	468,963,000	5,947

a/ The figures in the project statement do not include carryover funds and transfers as follows:

No-Year and Emergency Programs

Project	1991 Actual	1992 Carry-Over	1992 Appropriated	1992 Available
(a) Animal damage control.....	5,341,254	140,205	-	140,205
(b) Grasshopper/Mormon Cricket				
- Reserve fund.....	3,908,758	8,855,888	5,000,000	11,655,888
- Supplemental funds.....	305,780	6,326,220	-	6,326,220
(c) Contingency funds.....	3,000,304	3,582,850	5,000,000	8,582,850
(d) Mediterranean fruit fly.....	4,728,315	1,060,795	-	1,060,795
(e) Mexican fruit fly.....	1,153,224	250,888	-	250,888
(f) Psuedorabies.....	228,538	484,231	-	484,231
(g) Salmonella enteritidis.....	3,557,819	384,377	-	384,377
Total.....	22,221,882	18,075,032	10,000,000	28,075,032

EXPLANATION OF PROGRAM

The Animal and Plant Health Inspection Service (APHIS) was established on April 2, 1972, pursuant to the authority of the Reorganization Plan No. 2 of 1953.

APHIS conducts cooperative programs with State and local agencies and organizations to control, eradicate, and prevent the movement of plant and animal diseases and pests. Inspection and regulatory programs prevent the introduction into the United States of pests and diseases of foreign origin and the spread of established pests within the country. Under the Federal Noxious Weed Act of 1974, the Agency carries out survey, regulatory, and control actions to protect American agriculture from the invasion and interstate spread of noxious weeds. APHIS, under the Endangered Species Act, regulates the import and export of designated endangered plant species and ensures that cooperative Federal-State pest control programs which utilize pesticides will not adversely affect endangered species. Under the Virus-Serum-Toxin Act, APHIS carries out activities to prevent the production and distribution of worthless, contaminated, dangerous, or harmful veterinary biologics. Under the authority of the Animal Welfare Act as amended, the Agency conducts activities to ensure that certain animals intended for use in research or for exhibition purposes are provided with humane care and treatment, to assure humane treatment of animals during transportation in commerce, and to prevent the sale or use of animals which have been stolen. APHIS, under the authority of the Horse Protection Act, works to prevent the interstate movement or exhibition of horses which have been "sored." Under the Swine Health Protection Act, the Agency conducts a Federal-State program to control the feeding of raw garbage to swine. APHIS, under the authority of the Animal Damage Control Act of 1931, researches and carries out cooperative programs to control wildlife-caused losses to agriculture, safety hazards at airports, and public nuisances in a variety of areas. APHIS, under authority of the Plant Pest Act, Plant Quarantine Act, and Virus-Serum-Toxin Act coordinates the development and implementation of the Department's regulation and evaluation of applications of a number of biotechnologically derived products for test permits and commercial licenses.

The APHIS "Salaries and Expenses" appropriation and user fees fund the following activities:

1. Pest and disease exclusion programs -- APHIS carries out inspections at U.S. ports-of-entry to prevent the introduction of foreign plant and animal pests and diseases which are harmful to our country's agriculture. APHIS develops and conducts preclearance programs to ensure that foreign agricultural products destined for the United States do not present a risk to U.S. agriculture. APHIS engages in cooperative programs to control pests of imminent concern to the United States and to strengthen foreign plant protection and quarantine organizations. APHIS also certifies plants and plant products for export and regulates imports and exports of designated endangered plant species. APHIS assists U.S. exporters and the Foreign Agricultural Service in revising foreign plant and animal import regulations to encourage and increase U.S. agricultural exports.

The statutory authority supporting this program is contained in 7 U.S.C. 148 and 150aa-150jj; 19 U.S.C. 1306; and 21 U.S.C. 102, 111-120, 121-123, 127, and 135-135b. The principal legislative authorities for these activities include the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; the Plant Quarantine Act of 1912; and the Mexican Border Act of 1942. The Department's enforcement responsibilities for endangered plants are contained in the Endangered Species Act of 1973. The Airport and Airways Development Act, P.L. 94-353, Section 15(c), was enacted July 12, 1976. Section 2509 of the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990 as amended by Section 1203 of the 1991 Budget Reconciliation Bill authorizes user fees for agricultural quarantine inspection and import-export inspection. The activities carried out in the pest and disease exclusion programs are as follows:

- Africanized Honey Bee (AHB) - AHB was brought from Africa to Brazil in 1956 for research purposes. Some of the bees escaped confinement in 1957. Since their release, the Africanized honey bees have bred with European honey bees and have steadily advanced toward U.S. borders. They are currently established in 25 of Mexico's 31 States. An AHB swarm was found near Hidalgo, Texas in 1990 and was identified, confirmed, and destroyed. This was the first pioneer swarm from Mexico that was detected and destroyed. Because the AHB's are more defensive and less productive than European bees, beekeepers and researchers in the U.S. have been very concerned about the impact if they became established in the United States. It is estimated that the AHB could cost American agriculture approximately \$1.2 billion per year in decreased crop pollination and honey production. In the past, the program has concentrated on retarding the northward migration of the AHB and reducing its defensive behavior through genetic dilution. In FY 1991, APHIS maintained detection trap lines and provided detection and delimiting surveys for five pioneer swarms of AHB detected in Texas. When APHIS funding is exhausted, affected States will have to take the primary responsibility for these activities. APHIS is supporting and assisting with a model plan for States' adoption. This plan would provide certification of honey bees, based in part on freedom from the AHB strain.

- Agricultural Quarantine Inspection (AQI) - The purpose of the AQI program is to protect U.S. agriculture from exotic pests and diseases by inspecting the increasing amount of cargo and international air and sea passengers at ports-of-entry and pre-clearance stations. The AQI program also conducts inspections of cargo and people at the Mexican and Canadian borders. Each person or bag entering this country could potentially be carrying an exotic pest capable of causing a major outbreak. APHIS continues to implement innovative inspection techniques such as X-ray machines and detector dog teams to handle the increasing workload. The use of X-ray technology for passenger baggage has increased efficiency in passenger inspections. The detector dog teams are used at international airports and post offices for baggage and package inspections and have a success rate of 80 percent in finding concealed regulated items.

In FY 1991, APHIS received authority to fund the following activities through user fees: international passengers, commercial vessels, commercial trucks, and railroad cars. APHIS is in the process of obtaining authorization to collect user fees for the following activities: international commercial aircraft, commercial phytosanitary certificates, private phytosanitary certificates, and re-issued certificates.

- Foot-and-Mouth Disease (FMD) - The purpose of the FMD program is to prevent the disease in South America from entering Panama, Central America, Mexico, and the United States. An FMD eradication program is continuing in Colombia. Program methods include surveillance, inspection, quarantine, vaccination, and emergency preparedness. Cooperative FMD prevention agreements, using surveillance, disease investigation, and emergency preparedness are being maintained with Mexico, Panama, and all of the Central American countries. In addition, the Mexico and Panama programs are maintaining high containment diagnostic laboratories. FMD is one of the most costly multi-host animal diseases. Estimates show that 15-year losses of more than \$20 billion could occur if FMD were to re-enter the United States.

- Import/Export Inspection:

Import Animals - This program assures that all imported animals, including birds and poultry, are free of infectious diseases. Principal methods include: inspection, testing, and certification of imported animals; inspection and approval of zoos, means of conveyance, slaughter establishments, and ports-of-entry; quarantine and testing of imported animals; maintenance of animal import centers in Newburgh, New York; Miami, Florida; Honolulu, Hawaii; and Key West, Florida;

authorization or operation of quarantine facilities for birds, horses, and sheep; and the interception of smuggled animals.

Import Animal Semen and Embryos - The animal germplasm import program is designed to establish strict standards for the collection, handling, and shipping of animal semen and embryos to prevent the entry of infectious animal diseases. APHIS verifies certificates of health of donor animals, makes certain that semen and embryos are identified and handled in a prescribed manner, and issues import permits for semen and embryo shipments.

Export Animals - The goal of the export animals program is to insure that all inspections of livestock, live poultry, and hatching eggs exported from the United States, and certifications of freedom from contagious diseases, are in compliance with U.S. Department of Agriculture (USDA) health agreements with importing countries. This function is vital to the protection and expansion of this country's animal export market, currently valued at over \$400 million annually. Beginning in FY 1992, user fees will finance testing and certification of exported live animals, animal products, and animal byproducts.

Import-Export program plans for FY 1992 include: (1) continued development of a national center for the import and export of animals and animal products; (2) the development of new protocols for camelids, deer, water buffalo, swine, wild ruminants, and various species of zoo animals; (3) negotiation of changes in export protocols to lessen testing and certification requirements for U.S. livestock and poultry exporters; (4) initiation of regulation changes regarding fetal bovine serum imported from foot-and-mouth (FMD) disease countries; (5) review and propose changes in regulations for importing animal byproducts; (6) propose regulations to import cooked meat from FMD-affected countries; (7) changes to requirements for importation of domestic ruminants and pigs, and changes for privately owned import and quarantine facilities for horses.

- International Programs - The objective of International Programs is to protect and promote U.S. agriculture by maintaining an APHIS presence in foreign countries. The countries are significant agricultural trading partners and may also be potential sources of economically dangerous agricultural pests and diseases. APHIS personnel at overseas locations, either on permanent assignment or short-term detail, provide an effective first line of defense against the entry of foreign plant and animal diseases and pests into our country. They provide a timely link to sanitary and phytosanitary surveillance and up to date diagnostic and disease/pest control strategies practiced by countries dealing with those conditions. Their presence also facilitates the export of U.S. agricultural products, and promotes the exchange of science and technology in animal and plant health.
- Mediterranean Fruit Fly (Medfly) - The objective of the program is to prevent sustained Medfly infestations from occurring in the continental United States, Virgin Islands, Puerto Rico, Mexico, and north of the 16° N. latitude in Central America. The Medfly, which is found throughout Central America, is one of the world's most destructive pests of fruits and vegetables. It is capable of becoming established in fruit and vegetable growing regions in the continental United States. Approximately 80 percent of U.S. citrus production is susceptible to Medfly. The presence of Medfly in Mexico would pose a serious threat to the United States, due to Mexico's location and its importance as a major source of winter fruits and vegetables for the United States. In FY 1991, Medfly infestations were eradicated from more than 518 square miles in California. A localized outbreak was detected in California in late FY 1991. APHIS, with some assistance from Hawaii and California, constructed a sterile fruit fly rearing facility in Waimanalo, Hawaii. The facility is capable of supplying 500 million sterile flies per week for emergency eradication programs. APHIS provides approximately 50 million sterile flies per week for the Kauai project.

- Mexican Fruit Fly (Mexfly) - The Mexfly, an insect pest of more than 40 species of fruit, periodically occurs in the United States, primarily in the Lower Rio Grande Valley in southern Texas. Other citrus growing States such as Arizona, California, and Florida are vulnerable to Mexfly infestations either by migration of these flies across the northwestern border with Mexico, or from infested fruit being shipped to or through these States. Consequently, the program maintains suppression activities in the northwestern region of Mexico and regulatory programs in the lower Rio Grande Valley and portions of Mexico. Additional regulatory and suppression activities in the lower Rio Grande Valley in southern Texas provide protection for the U.S. citrus industry.
- Screwworm - Screwworm eradication began as an experimental project in Florida during the 1950's. The program was so successful that by 1966 the U.S. was declared screwworm-free. However, continued reintroduction from Mexico led to a 1972 cooperative agreement to eradicate the pest from Mexico and establish a permanent barrier at the Isthmus of Tehuantepec. The program reached that barrier in 1984. However, large cattle movements from infested areas further south resulted in a high risk of reinfestation. This situation required that the barrier be moved further south.

The goal of the Screwworm program is to prevent the reintroduction of the parasitic screwworm (Cochliomyia hominivorax) into the United States by eradicating this insect in Mexico and Central America. To accomplish this goal, APHIS plans to establish a permanent sustainable sterile fly barrier south of Mexico. In 1985, APHIS conducted a feasibility study of screwworm eradication in Central America. This study identified the Isthmus of Panama and the Guatemala/Honduras border as cost-beneficial locations for a permanent, sustainable sterile fly barrier.

Mexico was declared screwworm-free on February 25, 1991. Future activities will focus on Central America. APHIS will develop new cooperative agreements and program structures between the United States and the individual Central American countries as the barrier progresses. Currently, the program is carrying out eradication activities in Guatemala, Belize, El Salvador, and Honduras. A cooperative agreement with Nicaragua was signed on November 26, 1991 and eradication activities will begin during calendar year 1992.

The levels of pest and disease exclusion activities are shown by the selected examples that follow:

Program	1991 Actual	1992 Estimated	1993 Estimated
Africanized honey bee:			
Traps set in Texas and Ports of Entry.....	2,000	2,260	780
Swarms collected in Texas and ports of entry.....	265	265	300
Agricultural quarantine inspection:			
Plant and animal product and byproduct inspection:			
Airplanes (thousands).....	357	358	359
Vessels (thousands).....	52	52	53
Plant units processed (millions).....	390	395	395
Regulated and miscellaneous cargo inspections conducted (thousands).....	1,109	1,150	1,200
Phytosanitary export certification:			
Certificates issued (thousands).....	220	225	228
Interceptions (thousands):			
Unauthorized plant material.....	1,528	1,600	1,650
Unauthorized animal products/byproducts.....	205	207	210
Unauthorized material:			
Mail.....	11	11	12
Baggage.....	1,063	1,100	1,150

Program	1991 Actual	1992 Estimated	1993 Estimated
Foot-and-mouth disease:			
Exotic animal disease investigations in Mexico:			
Total investigations.....	2,936	780	300
Livestock investigations (excluding rabbits).....	231	200	200
Investigations on rabbits.....	2,705	580	100
Vesicular disease investigations:			
in Panama.....	19	20	20
in Colombia.....	506	400	300
in Central America.....	141	145	145
in Mexico.....	75	75	75
Laboratory samples processed			
in Mexico (excluding rabbit).....	854	1,000	1,200
in Mexico (Total).....	28,663	11,000	2,200
in Panama.....	247	275	300
Import-Export program:			
Import inspection:			
Animals (thousands).....	3,150	3,307	3,472
Personally owned pet birds.....	2,200	2,310	2,425
Commercial birds.....	201,149	201,000	201,000
Poultry (baby chick & poults - thousands).....	7,113	7,469	7,842
Poultry hatching eggs (thousands).....	16,870	17,713	18,599
Bovine, sheep, and equine semen.....	732,078	805,286	885,814
Bovine embryos.....	176	194	213
Export inspection:			
Cattle, swine, sheep, goats, and horses.....	1,346	1,481	1,629
Poultry (thousand).....	33,140	36,454	40,099
Dozens of hatching eggs (thousands).....	28,452	31,297	34,427
Bull semen (thousands).....	5,147	5,662	6,228
Bovine embryos.....	20,064	22,070	24,277
Mediterranean fruit fly:			
Sterile insects released: (millions)			
California.....	-	1,400	-
Hawaii.....	200	2,600	2,600
Chile.....	240	-	-
Guatemala.....	24,404	18,800	22,000
Mexico.....	4,909	4,000	4,000
Sterile insects produced: (millions)			
Guatemala.....	7,939	6,500	7,800
Mexico.....	24,660	20,800	20,800
Hawaii.....	7,800	7,800	5,200
Mexican fruit fly:			
Sterile insects released: (millions)			
Mexico.....	430	275	200
California.....	-	200	-
Texas.....	37	1,040	1,040
Screwworm:			
Cases in the United States.....	0	0	0
Cases in Mexico.....	0	0	0
Cases in Guatemala.....	546	73	0
Cases in Belize.....	25	3	0
Cases in El Salvador.....	1,294	673	13
Cases in Honduras.....	128	2,821	917
Cases in Nicaragua.....	0	279	2,943
Cases in Costa Rica.....	0	0	347
Sterile fly production - Tuxtla Gutierrez, Mexico (millions/week).....	191	209	209

2. Plant and animal health monitoring programs -- The plant and animal health monitoring programs are primarily cooperative efforts of the Federal and State governments, and industry. APHIS conducts programs to prevent communicable plant and animal diseases of foreign origin from entering the United States. Upon entrance into this country, the pests and diseases are rapidly diagnosed. The Agency also carries out surveys in cooperation with the States to detect harmful plant and animal pests and diseases. The programs also help determine if there is a need to establish new pest or disease eradication programs.

The statutory authority for this work is contained in 7 U.S.C. 15, 17, 30, 54, 391, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. Principal legislative authority for these

activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Act of June 17, 1930; Act of September 21, 1944; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; and Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985.

- Animal Disease Detection - The purpose of the animal disease detection program is to protect and monitor the health of the Nation's livestock and poultry by maintaining the capability to respond promptly and effectively to new and emerging health issues. This program enables the Agency to rapidly eliminate outbreaks of foreign animal diseases and to assess the risk of new and emerging domestic animal health issues.

Animal disease is detected and monitored through surveillance for domestic and foreign animal diseases by inspections at slaughter establishments, livestock markets, and other concentration points; and through epidemiological investigations. The program is a cooperative effort of Federal and State governments, industry, and academia.

An important component of the program is the National Animal Health Monitoring System (NAHMS). This Federal-State-industry-university cooperative program produces scientifically-based, timely information on the occurrence and costs of animal disease. The information is generated through epidemiologic and economic analyses. In addition, risk assessments utilize data that is collected from statistically determined samples of food-animal producers. Disease trends and projections are analyzed and specific risk factors for disease are identified. The NAHMS reports are used widely by producers, industry, academia, and animal health officials, to identify disease problems needing special attention and to allocate animal health resources in the areas where the most improvement is possible.

Program plans for FY 1992 include: (1) intensifying surveillance and response capability for Foreign Animal Disease incursions; (2) completion of the NAHMS Dairy Heifer Project which began in FY 1991; (3) expansion of participation in animal health information activities to include seven additional States; (4) field testing of a beef monitoring system; and (5) enhancement of risk assessment techniques to increase emergency preparedness.

- Animal and plant health regulatory enforcement - The goal of this program is to provide regulatory support to APHIS programs, and to provide technical advice and assistance to program officials in the interpretation and application of the Federal laws and regulations coming under the jurisdiction of the Agency. The Agency conducts preliminary investigations in order to determine if Federal laws or regulations have been violated. APHIS officials review the investigations, and if necessary, submit cases to the Office of General Counsel for criminal or civil prosecution. The Agency continues to monitor the status of the case, help prepare witness lists, recommend professional witnesses, and serve as trial assistants to the Department attorneys.

The levels of plant and animal health monitoring activities are shown by the selected examples that follow:

Program	1991 Actual	1992 Estimated	1993 Estimated
Animal disease detection:			
National Animal Health Monitoring System:			
Number of states participating.....	28	30	35
Percent of U.S. livestock population covered:			
Dairy.....	70	72	78
Beef-cow/calf.....	48	55	71
Swine.....	75	78	83
Sheep.....	40	42	61
Reports generated.....	9,500	11,000	12,000
Total herds/flocks participating.....	1,490	1,850	2,050
Exotic diseases and parasites:			
Investigations of suspicious cases.....	258	300	350
Confirmed primary outbreaks:			
Exotic Newcastle disease (VVND).....	6	5	6
Compliance:			
Inspections conducted at livestock markets and at other concentration points.....	13,080	15,696	15,696
Inspections conducted at slaughter establishments (*estimates pending).....	5,651*	5,678	5,678
Animal and plant health regulatory enforcement:			
Agricultural quarantine inspection:			
Field investigations.....	15	50	100
Formal cases.....	15	35	65
Warning notices.....	63	75	100
Stipulations.....	—	550	600
Cases sent to OGC.....	261	275	300
Animal disease detection:			
Field investigations.....	1,696	1,805	1,910
Formal cases.....	942	1,032	1,095
Warning notices.....	313	365	340
Stipulations.....	—	120	215
Cases sent to OGC.....	85	100	100
Animal welfare:			
Field investigations.....	625	700	750
Formal cases.....	625	675	700
Warning notices.....	423	200	200
Stipulations.....	—	200	300
Cases sent to OGC.....	92	100	100
Horse protection:			
Field investigations.....	214	200	200
Formal cases.....	91	100	100
Warning notices.....	—	—	—
Stipulations.....	—	—	50
Cases sent to OGC.....	96	100	50
<u>Salmonella enteritidis:</u>			
Field investigations.....	27	50	75
Formal cases.....	9	20	40
Warning notices.....	6	10	20
Stipulations.....	—	—	—
Cases sent to OGC.....	—	5	10
Veterinary biologics:			
Field investigations.....	33	40	50
Formal cases.....	20	25	35
Warning notices.....	4	20	25
Stipulations.....	—	—	—
Cases sent to OGC.....	1	5	10
Fruit fly detection:			
Traps set:			
Mediterranean.....	48,000	51,000	51,000
Melon.....	10,800	10,900	10,900
Oriental.....	18,900	20,000	20,000
Mexican.....	25,000	25,000	25,000
Total.....	102,700	106,900	106,900
Plant pest detection:			
Special area wide pest reporting projects.....	12	10	12
Pest maps developed.....	325	400	500
Biocontrol Projects Supported.....	1	3	3
Exotic Species Surveyed.....	24	18	18
Species Distributions Recorded.....	0	20	20

3. Pest and disease management programs -- In cooperation with the States, APHIS conducts programs to detect, prevent, and eradicate pests and diseases which are harmful to agriculture. Interstate shipments of plants,

livestock, and related materials are monitored and regulated to prevent the spread of disease and the distribution of impure, unsafe, and nonefficacious materials and products. Following the transfer of the Animal Damage Control program from the U.S. Department of the Interior in FY 1986, APHIS protects agriculture from detrimental animal predators through identification, demonstration, and application of the most appropriate methods of control.

The statutory authority for this work is contained in 7 U.S.C. 2.17, 2.51, 7-7b, 8, 11, 15, 17, 30, 54, 55, 371.2, 429, and 3801-3813; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45, 111, 117, 120, 122-126, 130, 134; 46 U.S.C. 15; and 49 U.S.C. 20. Principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Cattle Contagious Diseases Act of 1903, Act of March 3, 1905; Tariff Act of June 17, 1930; the Animal Damage Control Act of 1931; Act of September 21, 1944; Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; P.L. 92-629 of January 3, 1975; the Swine Health Protection Act of October 17, 1980; Public Law 97-46 of September 25, 1981; Act of October 14, 1982; Act of January 13, 1983; P.L. 99-198 of December 23, 1985; and the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990. The activities carried out are as follows:

- Animal Damage Control (ADC) - The ADC program was established in 1885 as the Bureau of Biological Survey under the U.S. Department of Agriculture (USDA). In 1939, the program was transferred to the U.S. Department of the Interior, Fish and Wildlife Service. Pursuant to P.L. 99-190; H.J. Res. 465, 99 Cong. 1st Sess. FY 1985, ADC was transferred back to USDA and is now administered by the Animal and Plant Health Inspection Service. The goal of the ADC program is to help solve problems that are created when species of wildlife cause damage to agricultural, industrial, or natural resources; or present a threat to public health and safety. Under the authority of the Animal Damage Control Act, the program conducts research and carries out cooperative activities with other Federal, State or local agencies, organizations, or private individuals. The program helps protect agricultural and natural resources, property, or endangered species and prevents wildlife hazards at airports or other locations where there is a need to safeguard public health.
- Biocontrol - The purpose of the program is to conduct cooperative Federal-State programs for the importation, quarantine screening, rearing, distribution, and evaluation of beneficial organisms to control pests of economic importance. Biological control is an alternative to using traditional chemicals for controlling plant pests. Public environmental concerns such as water and air quality, the potential carcinogenic effects of certain pesticides, and increasing pest resistance to pesticides have made it imperative for APHIS to continue to develop and improve upon biological control methods. APHIS works with international organizations and other Federal agencies, the States, and universities in conducting a number of biological control projects including leafy spurge, diffuse and spotted knapweed, Colorado potato beetle, Russian wheat aphid, Sweet potato whitefly, Euonymus scale, and the European corn borer.
- Boll weevil - The boll weevil program consists of three regional control or eradication projects. The boll weevil projects are cooperative efforts, of which APHIS pays 30 percent of program costs and cooperators pay 70 percent.
 - High Plains Control - This program was established in 1963 to prevent the boll weevil from spreading into the non-infested areas of west Texas from the rolling plains area to the south and west.
 - Southeast Eradication - The program has eradicated the boll weevil from Virginia, North Carolina, South Carolina, southeast Georgia, southern Alabama, and Florida. Post eradication activities will be conducted in these areas to prevent reinfestation. APHIS plans to expand the eradication program into northern Alabama, northwest Georgia, and east Tennessee. APHIS has developed plans to eradicate

the boll weevil from all cotton growing areas of the United States by the year 2015.

- Southwest Eradication - The program has eradicated the boll weevil from western Arizona, southern California, and northern Mexico, near the California border. This area is now being protected from reinfestation. The program in northern Mexico is proceeding according to plan. The area between Sonoyta, Mexico, and Arizona will provide a buffer zone to prevent reinfestation in Arizona.

- Brucellosis - The objective of the State-Federal Cooperative Brucellosis Program is to eradicate Brucella abortus from the bovine populations and Brucella suis from the swine population of the United States.

For the last two years, the bovine program has operated under the industry supported Rapid Completion Plan (RCP). This plan would eliminate brucellosis from the United States in approximately eight years with current funding levels. The RCP places particular emphasis on the depopulation or whole herd vaccination of affected herds and on close adherence to all provisions of the Brucellosis Uniform Methods and Rules. Major program tools include surveillance to identify affected herds, calfhood vaccination, recordkeeping, and the elimination of infection from herds by testing or depopulation.

Program plans in FY 1992 include qualifying three of the remaining four Class B States for advancement to Class A status; validation of three to four States as free of swine brucellosis and initiation of projects that are part of short term strategies dealing with the feral swine problem. Ongoing efforts to reduce the number of affected herds in Class A States and to protect the Class Free States from becoming reinfected with brucellosis will continue.

- Cattle Ticks - The cattle tick fever program is a cooperative State-Federal-industry effort designed to prevent the reestablishment of the tropical cattle tick Boophilus microplus and the southern cattle tick B. annulatus in the United States, and to eradicate the tropical cattle tick and the tropical bont tick Amblyomma variegatum from Puerto Rico.

In the continental United States, the program is concentrated along the Texas-Mexico border, where the Rio Grande river serves as a natural barrier. Animal health inspectors conduct systematic patrols and inspections on horseback, in the permanent quarantine zone along the border. In addition, all livestock crossing the border and entering or leaving the quarantine zone are examined and treated for ticks to eliminate the risk of cattle ticks becoming established in the United States.

The Puerto Rico program involves the systematic treatment of all tick-infested premises with acaricides. After the treatment regimen is completed, livestock on the premises are inspected for ticks to ensure that they remain tick-free.

Program objectives for FY 1992, include continued efforts to prevent the reestablishment of cattle fever ticks in the United States, and maintenance of activities necessary to achieve the goal of eradicating the southern cattle tick and tropical bont tick from Puerto Rico by the end of FY 1998.

- Citrus canker - Citrus canker is a bacterial plant disease which attacks the leaves, twigs, and fruit of many varieties of citrus. In areas of the world where the disease has become established, it has caused severe losses because of early fruit drop, fruit decay, and unmarketable fruits. The program goals are to eradicate the more serious Asiatic ("A")-strain of citrus canker in Florida, and prevent the spread of the disease within Florida and to other citrus producing States. Program methods include detecting the disease through survey and control activities and eliminating new or recurrent infestations. In FY 1992, APHIS will continue to cooperate with the State of Florida

to maintain the regulated areas by conducting inspections and overseeing surveys. These activities are designed to detect any new infestations and prevent the spread from infested or previously infested properties.

- Golden Nematode - To eliminate the golden nematode from the State of New York and to prevent the spread of the nematode to other potato producing States, APHIS cooperates with the New York State Department of Agriculture, the Agricultural Research Service, the Extension Service, Cornell University, and the New York Seed Improvement Cooperative. The program enforces regulations and sanitary requirements, supports research to develop new resistant potato varieties, and encourages grower acceptance of existing resistant varieties.
- Grasshopper and Mormon cricket - Preventing grasshoppers and Mormon crickets from causing significant damage to U.S. rangeland and cropland is this program's goal. APHIS accomplishes this goal by conducting surveys to determine the extent of grasshopper and Mormon cricket populations and by conducting control activities on Federal, State, and privately owned rangeland. A limited amount of cropland may be included in a control program, when it is inseparable from adjoining rangeland. Control activities include both pesticide application and the introduction of biological control agents. A no-year fund was established to finance control activities on rangeland and cropland. A supplemental appropriation was established in FY 1990 to fund control activities on land in the conservation reserve program (CRP).

APHIS began a 5 year grasshopper Integrated Pest Management (IPM) project in FY 1987. The IPM project was designed to find long-term, environmentally acceptable solutions to grasshopper infestations. The goal of the project is to develop working models that address the following questions: where will grasshopper outbreaks occur; what is the economic significance of the outbreaks; what are the most appropriate control strategies for the outbreaks; and what are the economic and environmental consequences of recommended control actions? The IPM project is entering a 3 year technology transfer period during which research conducted in the last 5 years will be applied to field activities.

- Gypsy moth - The goal of the gypsy moth program is to prevent the artificial spread of the pest from generally infested areas in New England, the Mid-Atlantic States and parts of Michigan and West Virginia. Further, the program prevents isolated infestations of 640 acres or less on non-Federal lands. This is accomplished by regulating the movement of outdoor household articles from generally infested areas, providing technical support in the eradication of isolated infestations, and cooperating with the States in detection surveys.
- Honey bee pests - The Varroa mite outbreak in FY 1988, the honey bee tracheal mite outbreak in FY 1984, and the arrival of Africanized honey bees in 1990 caused serious concern about protection for the honey bee industry. In FY 1989 the States, together with the honey bee industry, requested assistance in establishing more uniform regulatory efforts against interstate movement of honey bee pests. In responding to this request, the National Association of State Departments of Agriculture (NASDA) developed a national honey bee certification program. In FY 1991, APHIS supported this initiative by helping to formulate a model State honey bee certification plan. In FY 1992, APHIS will continue working with the Environmental Protection Agency (EPA) to extend the exemption on the pesticide, Fluvalinate, which is used for control of varroa mites. APHIS' honey bee specialist maintains close communication with, and provides assistance to, the honey bee industry.
- Imported fire ant (IFA) - Since its introduction into the United States in 1918, IFA has spread to 11 Southern States and Puerto Rico. In the late 1950's, the Department began working with the infested States to control IFA. At that time, the Department imposed a Federal quarantine

and developed a cooperative control program designed to limit the ant's spread. The progress of the control program was hampered, however, when the EPA cancelled the registration of the insecticide Mirex in 1977. Since that time, EPA has not registered another product approved for widespread use on agricultural land. Currently, APHIS is cooperating with the University of Arkansas to develop methods and demonstration projects for imported fire ant control. APHIS also cooperates with infested States to prevent further spread by regulating certain articles like nursery stock and soil moving equipment. In addition, APHIS has completed an Environmental Assessment on IFA regulatory treatments and found no significant impact.

- Miscellaneous plant and animal diseases - APHIS responds to numerous reports of new plant pest species in the United States each year. The miscellaneous plant pest program provides the mechanisms for response to those pests, including delimiting surveys, control or eradication treatments, and restricting the movement of commodities which could spread the pest. The miscellaneous animal diseases program encompasses several diseases and parasites of livestock that are not covered by an individual budget line item. Primary attention in recent years has been devoted to bovine spongiform encephalopathy (BSE), bluetongue, and several equine diseases. In FY 1992, the Agency will continue to provide industry with technical support necessary to control and eradicate domestic endemic diseases of economic importance and to promote the export of animals and germ plasm.
- National Poultry Improvement Plan (NPIP) - NPIP is a voluntary State-Federal cooperative program to improve poultry and poultry products by controlling certain egg-transmitted and hatchery-disseminated diseases. Under NPIP, breeding flocks and hatcheries are classified as being clean of specific poultry diseases, thereby enabling producers to purchase stocks that are tested clean of the diseases. APHIS provides support in the form of program coordination; laboratory support; biennial regional and national conferences; and publication of provisions, lists of participants, and statistical reports. In FY 1992, the Agency will continue to provide a voluntary cooperative State-Federal industry program that will improve poultry and poultry products which are wholesome and where egg-transmitted diseases are controlled using latest research and technology.
- Noxious weeds - The Agency is authorized by the Federal Noxious Weeds Act of 1974, to carry out a program that works with State and local agencies to detect and prevent newly found or not yet widely established weeds from damaging U.S. agriculture. Program methods include port-of-entry inspections, surveys to determine the scope of infestations, eradication feasibility studies, and other control and eradication projects. The program has conducted surveys and eradication feasibility studies on crupina in Idaho, goatsrue in Utah, itchgrass in Louisiana, and hydrilla in California and Florida. In recent years, control efforts have been directed at common crupina, goatsrue, hydrilla, salsola vermiculata, Orobanche ramosa, and weed identification. These efforts will now be directed at Orobanche Minor and Cuscuta japonica also.
- Pink bollworm - APHIS works with State agencies, grower organizations, and cotton producers to prevent pink bollworm from spreading to noninfested areas. The pest is fairly widespread in the Cotton Belt from southern California through Texas, with limited areas of infestation occurring in Arkansas and Louisiana. Arkansas was removed from quarantine in 1991, but will be listed in the quarantine in 1992 because of new finds. Program activities include quarantine enforcement, trapping, methods development, and operation of a sterile-moth rearing facility. The pink bollworm is a serious pest of cotton, but can propagate on many other plant species in the United States.
- Poultry diseases - The purpose of the poultry diseases program is to protect the Nation's \$13 billion poultry industry from losses due to highly infectious diseases such as exotic Newcastle disease (VWND),

avian influenza, Salmonella enteritidis, and chlamydiosis (psittacosis-ornithosis). Program methods include quarantine and observation of all avian species entering the United States, surveillance, research, diagnostic testing of samples, and tracing the source and movement of the disease when found. In FY 1992, the Agency will continue to conduct national surveillance to prevent the entry and spread of VVND and avian influenza (AI), and provide technical advice to the industry on diseases of economic importance.

- Pseudorabies - APHIS participates in a cooperative Federal-State-industry program to eradicate pseudorabies. This herpes virus causes severe economic losses in swine, due to reproductive problems including abortion and stillborn death in neonatal pigs, and is fatal to all other domestic livestock. The program began in January 1989, and will require an estimated 10 years to complete. APHIS provides national program coordination, technical advice, regulatory assistance, public information, and recordkeeping.

The pseudorabies eradication program has been an ideal model of producer and government teamwork. The guidelines for this eradication campaign are called the Pseudorabies Program Standards. These program standards were developed jointly by APHIS, State and industry leaders. Participation in the program requires the formation of a State pseudorabies committee consisting of swine producers, animal scientists, veterinarians, State and Federal regulatory officials as well as other representatives of the swine industry. Additionally, incorporating the program standards into the State's regulations are required for full participation in the program.

All 50 States and the Virgin Islands and Puerto Rico are participating in and receiving federal funds for this industry initiated program. Progress in the program is measured by advancement through each of five stages. Entry into Stage V requires having no infected herds and testing 10 percent of the breeding swine in the State annually, for the previous two years. Once Stage V is achieved the surveillance can be reduced to five percent of the breeding swine in the State, thereby reducing the cost of the program. In order to qualify for Stage IV status, there must be no known pseudorabies infection for a period of at least one year. Mandatory cleanup of infected herds is required to qualify for Stage III. Mandatory cleanup may involve a combination of depopulation, vaccination, test and removal of reactor animals, and separation of offspring. Stage II is the control phase of the program. The preparation stage, Stage I, is the entry level of the program. Stage I requires that the State pseudorabies committee formulate plans for a reliable determination of prevalence and seek the regulatory/legislative authority to conduct an effective control/eradication program.

Plans for FY 1992, include the establishment of pseudorabies epidemiology support in twelve States which have a high prevalence of pseudorabies; having 22 States achieve Stage IV status or higher, and having all States in at least Stage II.

- Salmonella enteritidis (SE) - The primary goal of the Salmonella enteritidis traceback program is to reduce the spread of the disease and to cease the growing number of human-related illnesses and deaths. In addition to the APHIS traceback program, there are many efforts by other agencies and groups to lower the incidence of SE. The egg producers have adopted a wide range of measures in their flocks to reduce the risk of infecting their flocks and contaminating eggs with SE. The egg industry is recommending more stringent refrigeration requirements for eggs throughout the production process, and legislation along these lines has been introduced in Congress. The Food and Drug Administration has added eggs to the "hazardous foods" list and recommended a 45 degree F. refrigeration requirement and the use of pasteurized eggs in institutions. In FY 1992, the Agency will continue to make concerted efforts to decrease the number of egg

associated human SE outbreaks and flocks found infected to 40% of those found in FY 1991.

- Scrapie - The scrapie program serves to control and reduce the incidence of scrapie, a highly transmissible, progressively degenerative disease affecting the central nervous system of sheep and goats. Control is attained through the depopulation of infected animals and their bloodline relatives. Support is also provided for cooperative research in the development of a live animal diagnostic procedure whereby eradication of the disease would be possible. A Scrapie Negotiated Rulemaking Advisory Committee proposed a final rule on the flock certification plan. The Office of General Counsel is currently reviewing the proposal. Upon receiving final clearance, the flock certification plan will replace the regulatory program which currently exists. In FY 1992, the Agency will continue operations to reduce the incidence and control the spread of scrapie in sheep and goats by establishing flocks that are free of scrapie through a voluntary flock certification program.
- Swine Health - APHIS cooperates with the States to protect the Nation's \$10 billion swine industry from the introduction and spread of such harmful foreign diseases as hog cholera (HC), African swine fever (ASF), and foot-and-mouth disease (FMD). These diseases could be devastating if swine are fed untreated garbage containing meat scraps which harbor the causative agents of such diseases. States may enforce their laws and regulations provided they are at least equivalent to the Federal requirements.

Program activities include inspections of garbage feeding facilities, searching for illegal garbage feeders, and surveying for African swine fever and hog cholera by testing swine slaughter serum samples from high-risk areas. Areas designated as high risk are the Rio Grande Valley area of Texas due to its proximity to Mexico, which has HC; New Jersey due to the outbreak of HC in 1976; and Puerto Rico due to its proximity to the Dominican Republic and Haiti, where outbreaks of ASF occurred in the late 1970's. The primary activity in States where garbage feeding is allowed is the enforcement of regulations requiring the heat treatment of garbage, to kill harmful organisms prior to being fed to swine.

During FY 1992, APHIS will work towards amending the Swine Health Protection (SHP) Act establishing immediate PER in situations where States voluntarily relinquish PER authority. Presently, APHIS assumes PER upon declaration of an emergency by the Secretary or when it is determined that a State cannot adequately enforce the SHP Act. APHIS will increase the number of inspections to at least quarterly and more if indicated, in cases where facilities are inspected and found to have chronic deficiencies. The Agency will also increase search efforts to find unlicensed food waste feeders by cooperating with other Federal, State, and local government agencies that routinely conduct public health inspections of food preparation establishments. APHIS will conduct a regional training course to familiarize veterinarians and animal health technicians with the SHP Act and their responsibilities in the swine health protection program. The Agency will also prepare an educational aid emphasizing the contraindication of feeding dead uncooked poultry to swine.

- Tuberculosis - The goal of this program is the eradication of bovine tuberculosis (TB) from the United States. Primary program tools include the traceback and testing of cattle herds from which infected animals were identified at slaughter, testing of suspect cattle to identify positive cases, and full epidemiological investigation to identify sources of infection and possible exposure to other herds. Sources of infection and exposure can be from cattle, bison, elk, deer, and other warm-blooded mammals. Restrictions are placed on the interstate movement of cattle that are reactors, exposed, or suspects. Limited indemnities are provided to owners of TB-infected animals destroyed in connection with the program.

During FY 1992, APHIS plans to increase the rate of submissions of TB-like lesions found during inspections at slaughter. A greater submission rate would aid in the goal of locating 18 new herds through tracebacks. APHIS will also review the potential for using slaughter surveillance methods in identifying the incidence of TB in deer and elk. APHIS will work on improving international communications regarding the control and eradication of TB in animals undergoing international movement. The Agency will continue the evaluation of new technology needed to improve detection of TB in cattle, bison, deer, and elk.

- **Witchweed** - The goal of the program is to prevent the spread of witchweed from the Carolinas to other host crop producing areas of the United States and to move towards the eventual eradication of the pest in FY 1995. Witchweed is a parasitic plant that attacks corn, sorghum, sugarcane, rice, and more than 60 species of the grass family. Witchweed kills its host by robbing it of water and nutrients, thus preventing the crop from producing any yield. APHIS works with State and local governments, industry groups, and farmers to control witchweed. Program activities include survey, regulatory, eradication, and suppression.

The levels of pest and disease management activities are shown by the selected examples that follow:

Program	1991 Actual	1992 Estimated	1993 Estimated
ADC Operations:			
Number of livestock protected:			
Sheep and goats.....	8,396,215	8,450,000	8,470,000
Cattle.....	10,941,000	11,200,000	10,900,000
Crop acres protected:			
Small grains.....	1,184,500	1,192,000	1,150,000
Sunflowers.....	286,353	280,500	290,000
Fruit and nut orchards.....	137,225	138,000	130,000
Hay, alfalfa, and pasture.....	461,200	465,000	455,000
Citrus.....	36,500	37,000	37,000
Corn.....	156,800	157,200	157,000
Soybeans.....	15,400	16,000	15,500
Vineyards.....	140,300	141,000	141,000
Range and forest acres protected:			
Range.....	7,326,400	7,420,000	7,130,000
Forest.....	3,550,200	3,250,200	3,150,000
Health and safety accomplishments:			
Airports (prevent bird strikes).....	635	600	570
Rabies projects.....	28	32	28
Plague surveillance projects.....	261	245	230
Number of requests for assistance:			
Agriculture.....	99,200	106,000	106,000
Urban interests.....	84,100	87,000	90,500
Human health and safety.....	19,895	20,000	20,400
Industrial facilities.....	1,002	1,020	1,030
Natural resources.....	1,161	1,165	1,150
Biological Control:			
Natural Enemies released (thousands):			
European Corn Borer.....	8,836	10,000	15,000
Colorado potato beetle.....	356	500	750
Diffuse and spotted knapweed.....	55	110	220
Leafy spurge.....	114	228	456
Russian Wheat Aphid (RWA).....	1,716	2,000	2,000
Sweetpotato Whitefly.....	1	500	750
Euonymus Scale.....	2	35	100
Boll Weevil:			
Cumulative acres treated (thousands):			
High Plains.....	250	1,840	1,000
SE eradication.....	436	325	400
SW eradication.....	1,589	400	—

Program	1991 Actual	1992 Estimated	1993 Estimated
Brucellosis:			
Cattle:			
Class Free status States.....	32*	34	39
Class Free and A status States.....	—	—	—
Class A status States.....	17	18	14
Class B status States.....	4	1	0
Class B and C status States.....	—	—	—
Class C status States.....	—	—	—
Total number of quarantined herds at the end-of-year.....	630	567	454
Swine:			
Stage I States.....	5	3	2
Stage II States.....	7	6	4
Validated-Free States.....	38	41	44
Number of infected herds.....	81	71	60
	(* estimates pending)		
Cattle ticks:			
Infested premises under treatment outside of quarantine zone at end- of-FY (Texas).....	4	4	4
Infested premises under treatment inside quarantine zone at end- of-FY (Texas).....	11	16	16
Premises freed of ticks (cumulative) Puerto Rico (bovine only).....	8,823	14,080	19,000
Grasshopper and Mormon cricket:			
Cumulative acres treated (thousands).....	199	1,000	2,000
Acres treated in CRP lands (thousands).....	2	1	1
Economically infested acres- from survey (thousands).....	18,966	22,728	20,000
Gypsy moth:			
Cumulative treatments.....	3,660	4,025	5,035
Imported fire ant:			
Regulatory violations (State & Federal).....	29	40	40
Regulatory inspections (State & Federal).....	13,129	13,000	13,000
National poultry improvement plan:			
Number of States classified as U.S. Pullorum Typhoid Clean.....	39	39	40
Number of egg and meat-type breeding flocks in plan.....	3,846	3,850	3,900
Number of water fowl, exhibition poultry, and game bird breeding flocks in plan.....	4,547	5,000	5,500
Number of States classified as U.S. Mycoplasma Gallisepticum Clean (turkey).....	10	11	12
Noxious weed program:			
Acres treated for common crupina in Oregon.....	120	200	200
Acres treated for common crupina in Washington.....	300	480	480
Acres treated for goatsrue in Utah.....	39,000	39,000	30,000
Acres treated for <i>Orobancha romosa</i> in Texas.....	400	375	350
Pink bollworm:			
Sterile insects reared (millions).....	813	815	815
Sterile moths released (millions):			
San Joaquin Valley.....	813	815	715
Imperial/Coachella Valley.....	—	—	100

Program	1991 Actual	1992 Estimated	1993 Estimated
Pseudorabies:			
States enrolled in the National Pseudorabies Eradication Program:			
Stage I States.....	11	0	0
Stage II States.....	20	10	8
Stage II/III States.....	1	2	3
Stage III States.....	14	15	—
Stage IV States.....	4	22	33
Stage V States.....	0	1	6
Known infected herds.....	6,637	9,500	14,000
Market/Slaughter surveillance.....	366,000	485,000	693,000
Scrapie:			
Total number of infected flocks, includes new & existing.....	52	•	•
Number of new infected flocks found.....	43	•	•
Number of exposed flocks under surveillance.....	196	•	•
		(* estimates pending)	(* estimates pending)
Swine health protection:			
Number of garbage inspections.....	39,526*	39,000	39,000
Number of violations of the SHP Act.....	588*	588	575
	(*estimates pending)		
Tuberculosis:			
States accredited free.....	41	41	42
Herds located.....	10	18	22
Herds depopulated (per year).....	4*	—	—
*Funded from contingency funds in FY 1991			
Witchweed:			
Total acres released from quarantine.....	16,262	15,189	16,293
Total acres in Witchweed program at end of year.....	373,789	323,789	303,789
Acres infested at end of year.....	60,611	48,600	38,600
Acres released from Quarantine.....	313,178	275,189	264,189
Acres previously released and now terminated from program.....	60,000	50,000	20,000

4. Animal care programs -- APHIS is mandated by Congress to enforce the Animal Welfare Act (AWA) of 1966 and the Horse Protection Act (HPA) of 1970. The statutory authority for this work is contained in the respective Acts and the corresponding amendments. The program activities contain the following principles:

- Animal Welfare - under the AWA, APHIS is responsible for developing regulations implementing the provisions of the AWA and to ensure compliance with these regulations by the regulated entities.

The AWA stipulates that warm-blooded animals utilized for research, exhibition, or raised for the wholesale pet trade, receive humane care, treatment and handling. The transportation of regulated animals in commerce is also covered by the AWA. To prevent the utilization of stolen pets for research purposes the AWA requires that records of acquisition and disposition be maintained for dogs and cats raised and or utilized under the AWA. The activities of the program are accomplished via a licensing and or registration requirement combined with an inspection process. Investigations are performed as indicated to ensure compliance.

With the enactment of an amendment to the AWA that called for a certification to accompany random-source dogs and cats sold to dealers

by humane shelters, certain pounds, and research facilities, APHIS proposed a rule November 15, 1991, that addresses the requirements. The amendment requires that regulated facilities comply with holding periods. This legislation was passed by Congress to prohibit the use of stolen pets in research and to provide owners the opportunity to locate their animals.

APHIS initiated a dog dealer task force during 1991 that developed proposals for the improved welfare of dogs in the pet industry. This included recommended changes in policy, management, enforcement, recommendations for the control of unlicensed dealers, and other supportive suggestions for a better enforcement of the standards for animal welfare. During FY 1992, the report will undergo review for potential changes in enforcement policy that may enhance the welfare of dogs and cats under the AWA regulations.

- Horse Protection - The responsibility of APHIS under the Horse Protection Act is to eliminate the inhumane practice of soring horses. The Act prohibits the showing or selling of sored horses. Soring is the practice of causing a horse to exaggerate its gait by the application or use of chemicals, cuts, burns, tacks, irritating devices, or overwork.

The Department officially certifies horse industry organizations that carry out inspections of horses at shows, sales, auctions, and exhibitions, in accordance with the HPA and regulations. APHIS monitors compliance of the program by making periodic unannounced inspections of these activities. During FY 1992, APHIS anticipates directing more of their resources towards educating the USDA certified organizations in quality inspections and, at the same time, conducting an effective monitoring system of the program.

The levels of animal care activities are shown by the selected examples that follow:

Program	1991 Actual	1992 Estimated	1993 Estimated
Animal welfare:			
Complaints investigated and resolved.....	657*	723	795
Number of inspections conducted at licensees and/or registrants.....	13,050*	14,355	15,790
Number of inspections conducted in transit.....	1,074*	1,181	1,299
Number of violations processed.....	366*	403	443
Horse protection:			
Staff days and/or nights of inspecting or monitoring horse shows and sales.....	364* (*estimates pending)	240	240

5. Scientific and technical services -- APHIS develops methods to control animals and pests that are detrimental to agriculture, wildlife, and public safety. The Agency's regulatory structure brings the benefits of genetic research to the marketplace, while protecting against the release of potentially harmful organisms into the environment. APHIS also conducts diagnostic laboratory activities that support the Agency's veterinary disease prevention, detection, control, and eradication programs. In addition, APHIS supports its biotechnology program by ensuring that the veterinary biologicals developed for combating disease are potent, safe, and pure. The Agency's Scientific and Technical Services unit also provides and directs technology development in coordination with other groups in APHIS to

support plant protection programs of the Agency and its cooperators at the State, national, and international levels.

The statutory authority supporting this work is contained in 7 U.S.C. 7-7b, 8, 11, 15, 17, 30, 54, 55, 429, and 3801; 15 U.S.C. 44; 19 U.S.C. 4; 21 U.S.C. 4, 5, and 45; 46 U.S.C. 15; and 49 U.S.C. 20. The principal legislative authority for these activities is contained in the Act of May 29, 1884; Act of August 30, 1890; Act of February 2, 1903; Act of March 3, 1905; Tariff Act of June 17, 1930; Act of September 21, 1944; the Organic Act of 1944, as amended by P.L. 94-231, enacted March 15, 1976; Act of February 28, 1947; Act of September 6, 1961; Act of July 2, 1962; the Virus-Serum-Toxin Act of March 14, 1913; and the ADC Act of 1931. Authority to collect user fees for veterinary diagnostics is contained in Section 2509 of the Food, Agriculture, Conservation, and Trade Act (Farm Bill) of 1990.

- ADC Methods Development - The ADC program was transferred to APHIS on December 29, 1985, pursuant to P.L. 99-190; H.J. Res. 465, 99 Cong. 1st Sess. 1985. From 1939 until its transfer to APHIS, the program was a part of the U.S. Department of the Interior's Fish and Wildlife Service. The basic program mission is to protect American agriculture and other resources through identification, demonstration, and application of the best methods of controlling wild and free ranging animals that are detrimental to agriculture, other wildlife, and public safety. In support of this mission, research and development of control techniques and devices for the operations program and APHIS clientele are provided by the Denver Wildlife Research Center. The program conducts research to maintain current pesticide registrations with the Environmental Protection Agency for products such as strychnine, Compound 1080, and Starlicide (DRC-1339). Also, new or improved control tools such as soft traps, the livestock protection collar, repellents, and electroshock techniques are researched.
- Biotechnology - The APHIS biotechnology program regulates the field release, interstate movement, and importation of genetically modified organisms, and licenses recombinant derived veterinary biologics. The intent of this program is to certify and ensure that the introduction and field testing of new products do not present potential risks for America's plant and animal industries, the public health, or the environment. The program provides the added benefit of fostering technology transfer by allowing for the safe field testing of potentially beneficial plants and micro-organisms and licensure of recombinant-derived veterinary biologics. The program also enhances technology transfer by working to reduce domestic and international barriers to biotechnology development and trade. Both activities support the President's goal of maintaining America's competitive edge in biotechnology.
- Integrated Systems Acquisition Project (ISAP) - ISAP is an Agency initiative to establish a mechanism to procure automated data processing (ADP) equipment, software, and services which will enable APHIS' many information management applications to be developed and operate in a consistent, common ADP environment. This procurement is designed to replace the Agency's current mixture of incompatible, antiquated ADP systems. The ISAP initiative will improve the delivery and administration of Agency programs by integrating technologies and information across all levels of the Agency. The procurement phase of the acquisition will be initiated in FY 1992 with the expectation of awarding the contract by the third quarter of FY 1993.
- Plant methods development laboratories - The Agency conducts activities aimed at developing new methods for the control and/or eradication of various harmful plants and plant pests. Methods under study range from

the simple hot water treatment of imported fruits to identifying natural enemies of pests. One goal of the program is to develop methods that could lead to reduced use of chemicals for the control of pests. The program conducts field trials, under controlled conditions, of promising new methods and control tools.

- Veterinary biologics - The goal of this program is to prevent the production and distribution of veterinary biological products that are ineffective, impure, unsafe, or impotent. Program activities include the licensing of all such products, inspection of licensed facilities, and testing of a statistically based sampling of licensed products. Veterinary biological products intended for distribution and sale, both interstate and intrastate, come under the purview of this program.
- Veterinary diagnostics - The Agency maintains a diagnostic program for diseases that threaten the livestock, poultry, and related industries of the United States. The program consists of diagnostic laboratory activities which include diagnostic assistance to the livestock and poultry industries, as well as to the States. APHIS operates laboratories located at Ames, Iowa, for diagnosing domestic diseases, and Plum Island, New York, for work on diseases exotic to the United States such as foot-and-mouth disease. Services include differential diagnosis, blood and tissue examination, culture analysis, toxicological testing, and reagent and reference antigen production. The program also provides training in domestic and foreign animal disease diagnosis. Beginning in FY 1992, a portion of the cost APHIS incurs for its veterinary diagnostics program will be recovered through user fees.

Program	1991 Actual	1992 Estimated	1993 Estimated
Biotechnology:			
Number of release applications received.....	91	200	450
Number of days to process application.....	95	120	160
Number of release permits issued.....	83	186	372
Plant methods development:			
Aerial pesticide application technology tests.....	24	20	20
Consultations on exotic pest survey methods.....	57	40	40
Cooperative studies on biological control evaluation techniques.....	11	13	15
Evaluations of Russian Wheat Aphid biological control agents.....	5	5	10
Gypsy moth lure dispensers evaluated.....	7	5	5
Insecticide formulations tested for gypsy moth tested in the field.....	6	6	8
Insecticide formulations tested for gypsy moth in the laboratory.....	34	30	30
Shipments of test insects to cooperators.....	382	400	400
Imported fire ant:			
Formal presentations.....	13	15	15
Manuscripts.....	9	5	5
Researched experiments.....	20	22	22
Pesticides evaluated.....	28	25	25
Consultancies.....	50	50	50

Program	1991 Actual	1992 Estimated	1993 Estimated
Plant methods development (continued):			
Noxious weeds:			
Formal presentations.....	9	12	15
Manuscripts.....	10	12	14
Researched experiments.....	30	40	50
Species projects.....	10	15	18
Consultancies.....	150	200	225
Witchweed:			
Formal presentations.....	20	20	20
Manuscripts.....	24	25	25
Researched experiments.....	40	40	45
Herbicide treatments investigated.....	90	75	60
Consultancies.....	150	150	150
Pink bollworm:			
Shipment of test insects.....	50	100	200
Pheromone system field trials.....	2	3	3
Mass-rearing efficiency tests.....	30	30	30
Technical assistance to major field trials.....	2	3	3
Mexican fruit fly:			
Field trials conducted of new traps and lures....	6	10	8
Shipments of test insects to cooperators.....	50	50	50
Aerial pesticide and technology tests.....	1	2	2
Veterinary biologics:			
Number of serials processed.....	22,779	24,000	25,000
Percent of serials tested for:			
Potency.....	5.0	7.7	6.2
Purity.....	2.6	4.6	3.6
Sterility.....	4.4	4.8	4.4
Safety.....	0.3	0.3	0.3
Chemistry.....	0.2	0.2	0.2
Number of inspections:			
In-depth.....	54	50	49
Follow-up.....	9	10	10
Special.....	54	30	29
Veterinary diagnostics:			
Number of import-export health requirement tests conducted at National Veterinary Service Laboratories (NVSL).....	70,000	70,000	70,000
Number of import-export health requirement tests conducted at Foreign Animal Diseases Diagnostic Laboratories (FADDL).....	21,000	22,000	22,000
Number of fraudulent blood screening tests conducted.....	121,318	125,000	125,000
Number of diagnostic tests conducted at NVSL...	485,000	500,000	500,000
Volume of reagents shipped (ml)			
By NVSL.....	3,200,000	3,300,000	3,300,000
By FADDL.....	200,000	200,000	200,000
Number of training days provided			
International students.....	508	500	500
Domestic students.....	510	500	500

GAO AUDITS

<u>Report No.</u>	<u>Title</u>	<u>Date Issued</u>
HRD-90-164	FDA Actions-Food Tampering-Chilean Grapes	10/10/90
HRD-91-20	Food Tampering/Legal Authorities Adequate	10/30/90
RCED-91-26	Food Safety/Quality	11/01/90
NSIAD-91-90	U.S. Food Imports - Five Country's Standards for Testing Pesticide Residues	12/20/90

<u>Report No.</u>	<u>Title</u>	<u>Date Issued</u>
RCED-91-19-A&B	Food Safety/Quality: Who Does What in Federal Government?	12/21/90
NSIAD-91-6	International Trade: Easing Foreign Visitors' Arrivals at U.S. Airports	03/08/91
RCED-91-41	Crosscutting Agric. Issues (biotech, water quality, food safety)	03/12/91
NSIAD-91-228	U.S. - Mexico Trade/Border Infrastructure	06/26/91

OIG AUDITS

<u>Report No.</u>	<u>Title</u>	<u>Date Issued</u>
33001-3-HY	U.S. - Mexico Screwworm Program	04/08/91
33003-4-HY	Pseudorabies Eradication (Allocations)	07/12/91
33002-0001-HY	Animal Welfare Act Activities	07/21/91
50099-73-HY	USDA - Departmental Internal Control Review Processes	07/24/91

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease of \$1,096,000 for pest and disease exclusion activities, consisting of:
- (a) An increase \$1,307,000 for the annualization of the Fiscal Year 1992 pay raise.
- (b) An increase of \$1,973,000 for the Agricultural Quarantine Inspection (AQI) appropriated program (\$20,425,000 available in FY 1992).

Need for Change. The AQI program is the Nation's major defense in preventing many of the world's most destructive agricultural pests and diseases from entering the U.S. Under the AQI program, APHIS inspects passengers departing Puerto Rico and Hawaii for the U.S. mainland, as well as pedestrians and passenger motor vehicle traffic from Mexico. Tons of prohibited agricultural products are intercepted in passenger baggage each year at predeparture facilities in Hawaii and Puerto Rico, as well as from inspections conducted along the Mexican border. In FY 1991, APHIS received authorization from the 1990 Food, Agriculture, Conservation, and Trade Act (Farm Bill) to charge user fees for certain agricultural quarantine inspection services.

In order to provide enhanced protection for U.S. agriculture, the AQI program will need to increase predeparture inspection activities from Hawaii and Puerto Rico. For the last four years, the U.S. has faced significant fruit fly outbreaks in California. Travelers from Hawaii or Puerto Rico to the mainland could carry exotic pests capable of causing such outbreaks. From FY 1988 to FY 1989, the Department expended over \$5.6 million to eradicate these outbreaks. In FY 1990, fruit fly outbreaks were detected and eradicated in California and Florida, costing the Department approximately \$31.5 million. During FY 1991, \$5.7 million was expended for the Medfly/Mexfly emergency outbreaks.

In addition, APHIS inspects pedestrian and vehicular traffic crossing the Mexican border into the United States. By FY 1993, the program's inspection activities will need to increase to adequately cover the projected increase in this international traffic and trade.

Nature of Change. APHIS would increase inspection activities in Hawaii, Puerto Rico, and at the Mexican border. Predeparture inspections in Hawaii and Puerto Rico will be improved through increased staffing. The Agency will also staff two new locations at the Mexican border in Santa Teresa, New Mexico, and Pharr, Texas.

- (c) No net program change comprised of a decrease of \$5,210,000 in appropriations offset by an increase of \$5,210,000 to be derived from user fees for the import-export inspection program (\$9,918,000 available in FY 1992).

Need for Change. New user fees implemented in FY 1992, will cover more costs at Agency owned animal import centers than originally anticipated. In addition, user fees will be implemented to cover the costs for inspections of livestock crossing from Canada and Mexico in FY 1993. This enables a reduction in appropriated funds, equivalent to the amount of projected collections.

Nature of Change. User fees for the import/export program will continue to cover costs at Agency owned animal import centers. These costs include veterinary inspection and care, administrative costs at import centers, costs for certifying the health of animals being exported, costs for supervision and loading of animals on aircraft, and related supplies and equipment. New user fees will be implemented for livestock entering the United States from Mexico and Canada.

- (d) An increase of \$148,000 for international program activities (\$4,498,000 available in FY 1992):

Need for Change. Operating costs overseas have increased at a rate much higher than domestic operations. One major cost item, Foreign Affairs Administrative Support (FAAS) services, administered by the State Department, increases significantly each year. FAAS services include medical services, regional security, and imprest fund. Programs with personnel who benefit from FAAS services are Mediterranean fruit fly, international programs, and screwworm. Other program costs such as pay for foreign nationals and foreign inflation have also risen tremendously. We expect the FAAS costs and other program costs related to operating overseas to continue to increase.

Nature of Change. The increase will fund the State Department for services provided under FAAS. Program activities may be reduced for other costs only partially covered.

- (e) An increase of \$106,000 for the Mediterranean fruit fly program (\$10,052,000 available in FY 1992).

Need for Change. Operating costs overseas have increased at a rate much higher than domestic operations. One major cost item, Foreign Affairs Administrative Support (FAAS) services, administered by the State Department, increases significantly each year. FAAS services include medical services, regional security, and imprest fund. Programs with personnel who benefit from FAAS services are Mediterranean fruit fly, international programs, and screwworm. Other program costs such as pay for foreign nationals and foreign inflation have also risen tremendously. We expect the FAAS costs and other program costs related to operating overseas to continue to increase.

Nature of Change. The increase will fund the State Department for services provided under FAAS. Program activities may be reduced for other costs only partially covered.

- (f) An increase of \$580,000 for the screwworm program (\$34,011,000 available in FY 1992).

Need for Change. Operating costs overseas have increased at a rate much higher than domestic operations. One major cost item, Foreign Affairs Administrative Support (FAAS) services, administered by the State Department, increases significantly each year. FAAS services include medical services, regional security, and imprest fund. Programs with personnel who benefit from FAAS services are Mediterranean fruit fly, international programs, and screwworm. Other program costs such as pay for foreign nationals and foreign inflation have also risen tremendously. We expect the FAAS costs and other program costs related to operating overseas to continue to increase.

Nature of Change. The increase will fund the State Department for services provided under FAAS. Program activities may be reduced for other costs only partially covered.

- (2) A net decrease of \$855,000 for plant and animal health monitoring activities, consisting of:

- (a) An increase of \$184,000 for the annualization of the Fiscal Year 1992 pay raise.
- (b) A decrease of \$145,000 for the animal disease detection program (\$16,909,000 available in FY 1992).

Need for Change. APHIS is continuing to progress toward brucellosis eradication. As of September 30, 1991, the number of quarantined herds dropped 34 percent from the beginning of the fiscal year. This progress allows for a reduction in the frequency of concentration point inspections.

Nature of Change. Due to advancements in brucellosis eradication, the frequency of inspections at slaughter establishments, livestock markets, and other concentration points, will be reduced. Animal disease detection program activities such as diagnostic efforts, surveillance of domestic and foreign animal diseases, maintenance of the program capability to rapidly eliminate outbreaks of foreign animal diseases, and components of the National Animal Health Monitoring System will be maintained at the FY 1992 level.

- (c) A decrease of \$319,000 for the fruit fly detection program (\$3,941,000 available in FY 1992).

Need for Change. During June 1991, the State of California increased its fruit fly trapping density in high risk areas. Trap densities in California are now near the levels recommended in the National Trapping Protocol. Therefore, the Federal share of this effort can be reduced.

Nature of Change. Because the State has increased its trapping activities, funding for cooperative support of fruit fly detection activities in California can be reduced. APHIS will maintain full cooperative support with other States involved in fruit fly detection. In California, APHIS will maintain its domestic work unit in Los Angeles and continue to improve quality control monitoring of the State's fruit fly detection program.

- (d) A decrease of \$575,000 for the pest detection program (\$3,976,000 available in FY 1992).

Need for Change. APHIS conducts international pest detection activities in the Western Hemisphere, primarily in Mexico and the Caribbean. These activities consist of surveys to detect new pests and surveys to monitor known pests. Advances in host country infrastructures, combined with the rapid development of the cooperative pest free zone concept make this type of direct foreign pest detection less necessary.

Nature of Change. All international plant pest survey and detection activities within the Western Hemisphere for certain exotic pests (including fruit flies in the genus Dacus and Anastrepha, khapra beetle, mango seed weevil, and citrus diseases, other than citrus canker) will cease. APHIS will continue to provide resources for the Cooperative Agricultural Pest Survey (CAPS) program through cooperative agreements with States having mutual interests in protecting agriculture from pests.

- (3) A net decrease of \$10,619,000 for pest and disease management programs, consisting of:

- (a) An increase of \$1,171,000 for the annualization of the Fiscal Year 1992 pay raise.

- (b) A decrease of \$1,024,000 for the animal damage control program (\$25,612,000 available in FY 1992).

Need for Change. This program uses a combination of Federal and matching money from States, counties, and others to prevent and reduce damage caused by wildlife primarily to agricultural and natural resources as well as to human health and safety. Wildlife damage control programs are managed by APHIS's professional wildlife biologists. States and other cooperators must be in a position to assume a consistent share of the cost of wildlife damage programs.

Nature of Change. APHIS will continue to participate in cost-sharing programs to reduce wildlife damage problems. Federal funding for some cooperative agreements will be reduced.

- (c) An increase of \$2,796,000 for the biological control (biocontrol) program (\$4,417,000 available in FY 1992).

Need for Change. The APHIS biological control program is an important part of the Federal and State cooperative effort in the acquisition, production, and distribution of biological agents for Russian wheat aphid (RWA), leafy spurge, diffuse and spotted knapweed, Colorado potato beetle, European corn borer, and the alfalfa weevil. In FY 1991 and FY 1992, the RWA project was funded as a separate line-item. Since FY 1990, the removal of the RWA program from the biological control line item has divided the APHIS aphid biological control (ABC) project. The RWA activities have been carried out in its own line item, while the remaining aphid project activities have been performed in the biological control line item. Since both programs use the same facilities and most of the same scientific staff, APHIS proposes to fund both programs from a single source. Also, APHIS has been studying the effectiveness of using sterile fruit flies to cultivate parasites, which when released will feed on fruit fly larvae. In fiscal year 1993, APHIS will be ready to test this technology on a large scale.

Nature of Change. APHIS would consolidate funding for the RWA program under the biological control line item. APHIS will also produce an

additional 20 million sterile Mexican fruit flies which will be used in the cultivation of parasites which are natural enemies of the Mexican fruit fly.

- (d) A decrease of \$1,931,000 for the boll weevil program (\$13,135,000 available in FY 1992).

Need for Change. Boll weevil activity consists of three cooperative programs: the High Plains control program, the Southeast eradication program and the Southwest eradication program. The goal of the High Plains program is to prevent the boll weevil from spreading into the non-infested areas of west Texas from the rolling plains area to the South and West. The Southeast eradication program has eradicated the boll weevil from Virginia, North Carolina, South Carolina, Florida, southern Georgia, and southern Alabama. Growers in the eradicated areas report substantial benefits as a result of this program.

The original Southwest eradication area, which included parts of southern California, western Arizona, and northern Mexico near the California border, was declared eradicated for boll weevil in 1987. The program was expanded in FY 1988 to include central Arizona and northern Mexico near the Arizona border. There are three phases to boll weevil eradication: eradication, confirmation, and post-eradication. An area is considered eradicated when spring trapping indicates that 99 percent of the acres in the program are free of infestation. This program is entering the confirmation phase. During the confirmation phase, which lasts from one to two years, program activities are concentrated on the remaining "hot spots" within the eradicated area. The confirmation phase ends when there is one complete growing season without evidence of boll weevil reproduction.

APHIS is nearing completion of the current southeast cooperative eradication program, which includes Florida, southern Georgia, and southern Alabama. As current eradication activities wind down, funding needs will diminish.

Nature of Change. Funding for the Texas High Plains will continue at the current level. APHIS will continue the boll weevil program in the Southeast and Southwest eradication programs, but with reduced funding. Additionally, the requested funding level will allow the program to conduct confirmation and post-eradication activities. APHIS has developed a five-year plan for boll weevil eradication in the southeast that calls for expansion of the eradication program in the Fall of 1992. According to the plan, APHIS would expand the program to include northwest Georgia, central and northern Alabama and east Tennessee. The highest level of expansion activity would occur during FY 1993. The exact expansion area will be determined by the availability of funds, biological factors, and the status of State referenda authorizing participation in the program.

- (e) A decrease of \$1,704,000 for the cattle tick program (\$6,172,000 available in FY 1992).

Need for Change. APHIS participates in cooperative cattle tick eradication programs in Texas and the Commonwealth of Puerto Rico. The Puerto Rico program, initiated in 1979, receives most of its funding from a \$10.8 million block grant which was transferred to APHIS from the Food and Nutrition Service (FNS) for FY 1991, and FY 1992. A similar transfer is anticipated in FY 1993 from which the entire effort in Puerto Rico will be funded.

Nature of Change. APHIS will continue to administer the FNS reimbursement and manage the program, but will cease funding, Federal supervisory personnel, equipment, pesticides, gasoline, and vehicle maintenance. These costs will be funded from the FNS reimbursement. The cooperative agreement with Puerto Rico for the hiring of field personnel, will be renewed. Support for the Texas program will be maintained at the present level.

- (f) A decrease of \$217,000 for the golden nematode program (\$862,000 available in FY 1992).

Need for Change. The goal of the program is to prevent the spread of golden nematode to new locations outside the regulated areas in New York, or to any other state. APHIS is accomplishing this goal by developing a biological control program that will result in the gradual elimination of golden nematode from currently infested areas. The biological control program includes crop rotation, cultural practices, and the use of resistant potato varieties. Surveys on Long Island, New York will no longer be needed if growers on Long Island plant resistant varieties exclusively.

Nature of Change. APHIS will encourage New York to require that resistant varieties be grown on all potato acreage on Long Island. This will eliminate the need for APHIS to conduct surveys on Long Island, and will result in the eventual elimination of golden nematode on Long Island.

- (g) A decrease of \$8,850,000 for the grasshopper and Mormon cricket program (\$8,850,000 available in FY 1992).

Need for Change. The program to control grasshopper and Mormon cricket infestations in the Western States is evolving into a proactive program, stressing forecasting of pest outbreaks and integrated pest management techniques. The APHIS Integrated Pest Management (IPM) project, which will be in the first of a three year technology transfer period in FY 1993, is committed to developing and implementing long-term, environmentally safe solutions to grasshopper control. The intensive control measures of the past few years, along with favorable weather conditions, have contributed toward reductions in infestations. Due to low grasshopper populations in the past few years, APHIS anticipates carrying substantial reserve funds into FY 1993 so that program activities will continue.

Nature of Change. APHIS will continue to carry out cooperatively funded annual surveys and respond to requests from Federal land managers, State cooperators, and private land owners for technical assistance and cooperative control programs. The Agency will also initiate a 3 year effort to transfer to the States and growers the technologies developed in the IPM program. APHIS will fund all grasshopper activities from the no-year funds carried over from prior fiscal years.

- (h) A decrease of \$131,000 for the honey bee pests program (\$531,000 available in FY 1992).

Need for Change. During FY 1992, Africanized honey bees (AHB) made their initial movement into the United States from Mexico. This resulted in a need for a more national approach in handling honey bee pests. The National Association of State Departments of Agriculture (NASDA), in cooperation with honey bee industry groups and USDA agencies (APHIS, ES, and ARS), have drafted a proposal for a national honey bee strategy. Under the proposed strategy, the USDA would coordinate the development of uniform standards for certifying honey bees for

interstate movement. The States would play the primary role in enforcing compliance with national standards. APHIS' current efforts focus on the promotion of beekeeping management practices that enable U.S. beekeepers to keep desirable strains of honey bees in an AHB environment and on monitoring the spread of AHB. By FY 1993, USDA Extension Service should play a prominent role in supporting this technology transfer to U.S. beekeepers. Additionally, by 1993 APHIS will have completed its three-phase monitoring plan for tracking the movement of AHB.

Nature of Change. APHIS will decrease traps along the lower Rio Grande Valley. All delimiting activities will cease. USDA/ES will resume the lead Federal role in disseminating information on new or improved agriculture practices and technologies regarding honey bees in an AHB environment.

- (i) A decrease of \$2,115,000 for the imported fire ant program (\$3,698,000 available in FY 1992).

Need for Change. Since 1977, no control substance that is registered for use on most agricultural lands has been proven to be effective. Since 1985, the Agency has not received any requests from States for cooperative treatment programs and States have in most cases proven themselves able to successfully eradicate infestations outside the regulated area.

Nature of Change. APHIS will conduct regulatory and survey activities in infested areas. Extended cooperative regulatory and survey activities with infested States will not be funded. Also, surveys and regulatory activities in noninfested States would not be funded.

- (j) A decrease of \$256,000 for the miscellaneous plant and animal diseases program (\$3,445,000 available in FY 1992.)

Need for Change. The FY 1992 appropriation language directed APHIS to use the miscellaneous plant and animal diseases line item and the contingency fund, along with any necessary carryover funds to continue the Salmonella Enteritidis (SE) Identification and Control Program. In FY 1992, the Agency used \$264,000 from the miscellaneous disease line item for SE. We are proposing a separate line item in the FY 1993 budget for SE which will enable the proposed reduction in the miscellaneous disease line item. APHIS conducts several other activities under the miscellaneous plant and animal diseases line item, including citrus canker, Japanese beetle, potato wart, black stem rust, and white garden snail. The activities will continue at the current level.

Nature of Change. SE will be funded from a separate line item in FY 1993.

- (k) A decrease of \$259,000 for the noxious weeds program (\$820,000 available in FY 1992).

Need for Change. APHIS works with State and local agencies to detect noxious weeds and prevent them from damaging U.S. agriculture. The program began in 1979 with surveys in 25 States and Puerto Rico, port-of-entry inspections, hydrilla control in Florida, and the formation of a technical committee to evaluate noxious weeds. In recent years, funding has been provided for control efforts directed at common crupina, goatsrue, hydrilla, and weed identification, but not for comprehensive surveys. Washington State is now conducting its own common crupina eradication program. In addition, program successes in

the goatsrue and hydrilla programs have enabled APHIS to reduce these activities.

Nature of Change. APHIS will conduct delimiting surveys on several federally listed noxious weeds which are reported in the U.S., including wild red rice, onion weed, liverseed grass, and serrated tussock. Also, the Agency would work to prevent the entry of any weeds not present and eradicate or suppress, where feasible, any weeds that have been introduced. In addition, it would determine the extent of infestation, likelihood of spread, and amount of damage likely to be caused by these weeds. The Agency will discontinue common crupina activities and reduce the hydrilla, goatsrue, and Orobanche ramosa, eradication programs.

- (l) A decrease of \$1,758,000 for the pink bollworm program (\$2,792,000 available in FY 1992).

Need for Change. APHIS conducts a regulatory, survey and control program to prevent the spread of the pink bollworm to noninfested areas. An important aspect of this program is the release of sterile moths. Since 1968, the program has released sterile moths in the San Joaquin Valley of California to prevent establishment of fertile moths that migrate from the South. APHIS, California, and cotton producers operate a sterile moth rearing facility in Phoenix, Arizona. The facility and its equipment have become obsolete, impairing the program's ability to produce adequate amounts of sterile moths. In FY 1990, the cotton producers purchased a replacement facility for the sterile moth rearing operation. Congress appropriated funds in FY 1991 and FY 1992 to purchase equipment for the replacement facility, and to prepare the building for installation of the equipment.

Nature of Change. Regulatory and survey activities will focus on areas of greatest risk. APHIS will continue to contribute funds for the operation of the sterile moth rearing facility; conduct methods trials, such as the demonstration projects in the Coachella and Imperial Valleys; and develop management tools which will assist States and producers.

- (m) A decrease of \$841,000 for the pseudorabies program (\$7,554,000 available in FY 1992).

Need for Change. APHIS fully supports the goal of pseudorabies eradication; however, the Agency believes that States and industry have gained sufficient program expertise to allow for an increased role in accomplishing the goals of the industry-developed ten year eradication plan.

Nature of Change. APHIS will continue to provide direct support for local programs to control or eradicate pseudorabies, but at a reduced level. The Agency will continue to provide national program coordination, technical advice, regulatory assistance, public information, and recordkeeping. This may require restructuring the program timetable to allow completion within 12 to 15 years instead of 10 years as previously envisioned. As an alternative, the States and industry could increase support so that progress can continue toward eradication within 10 years.

- (n) A decrease of \$2,400,000 for the Russian wheat aphid program line-item (\$2,400,000 available in FY 1992).

Need for Change. Since the same facilities and most of the same scientific staff are to be used for APHIS' Russian wheat aphid (RWA)

and other aphid project activities, the Agency believes that the RWA program should be merged into the biological control line item.

Nature of Change. APHIS will no longer fund the RWA program as an individual line item. In FY 1993, program activities will be supported under the biocontrol program. The biological control line item includes a \$2.4 million to continue the RWA program.

- (o) An increase of \$3,400,000 for the Salmonella enteritidis (SE) program (funds provided in the miscellaneous plant and animal disease program in FY 1992).

Need for Change. A program increase is needed so that APHIS can continue to perform traceback, testing and control operations until the incidence of SE outbreaks in humans is negligible. Initially, APHIS implemented an SE program in February 1990, when the Secretary declared a state of emergency. APHIS established a special Salmonella Task Force to perform tracebacks from human outbreaks, in order to test potentially infected flocks. There have been a total of 113 outbreaks in humans since the start of the program. Eggs were implicated in 36 of these outbreaks. Traceback investigations from these outbreaks led to 19 flocks, from which 820 million eggs were diverted to pasteurization rather than used as table eggs. The SE program was originally funded with an emergency Commodity Credit Corporation (CCC) transfer of \$6.8 million. The program utilized \$2.9 million in FY 1990 and \$3.6 million in FY 1991. Report language accompanying the FY 1992 Appropriations Act directed the Agency to use additional funds in the miscellaneous plant and animal disease account and the contingency fund, along with any necessary carryover funds, to continue the SE traceback and control program. The total amount allocated for FY 1992 from these sources is \$4 million.

Nature of Change. The program will be funded as a separate line item in FY 1993 instead of principally from the contingency fund. The Agency will identify and monitor risk factors to reduce the risk of SE infection and contamination throughout the continuum from food production to consumption. This effort would begin regionally, then move nationally, and would be on a voluntary basis. APHIS will continue to perform epidemiologic tracebacks from egg-associated human SE outbreaks and testing and surveillance of flocks found to be infected. Surveillance may include culturing eggs from SE-positive flocks. Additional activities will include issuing permits and enforcing interstate restrictions on shipments from infected flocks, conducting a public awareness campaign consisting of press releases, video tapes, fact sheets, and educational seminars. APHIS will also develop proficiency tests and laboratory standards, which will be used to approve laboratories for the processing of specimens. This practice will provide additional laboratories for use when the number of specimens exceed the capacity of the National Veterinary Services Laboratories (NVSL). In addition, NVSL will provide isolation, serotyping, Phage typing and plasmid analysis of suspected SE specimens; technical support for laboratory approval; and evaluation of new tests.

- (p) An increase of \$3,500,000 for sweet potato whitefly (whitefly funded as part of the biocontrol line item in 1992).

Need for Change. The sweet potato whitefly (SPW), which feeds on over 500 plants, is a destructive pest in a multitude of field crops and greenhouse ornamentals across the southeast and desert southwest in the United States. Because of the absence of an effective natural enemy and the fact that the SPW has proven to be highly resistant to chemical control methods, the amount of damage caused has increased tremendously.

The SPW is the most economically important whitefly vector, transmitting at least 27 different plant diseases worldwide. Whitefly transmitted diseases have caused staggering losses in the last 10 years to desert southwest agriculture, which supplies the vast bulk of produce to the nation in the winter months. In 1981, the cotton strain of whitefly caused \$100 million in losses in southeastern California and since 1987 in Florida, whitefly populations have dramatically increased, causing significant losses to squash and tomato growers. More recently, the State of California declared an emergency in November 1991 in the Imperial and Riverside counties, which provide the majority of the nation's winter vegetable supplies. Until an effective natural enemy is located, an increasing amount of fruits and vegetables will be at risk.

Nature of Change. In response to this threat, APHIS will participate with ARS in an expedited and intensified program to evaluate and implement biological control technology for use against the SPW outbreak. The goal of the program will be to introduce natural enemies of SPW into the United States that will reduce SPW populations to the point below the economic injury level and the demand for insecticides will be reduced.

APHIS will be conducting surveys to determine the extent of SPW infestations. These surveys should enable APHIS to identify the pest's native natural enemies and establishment of exotic species and to determine their rate of natural dispersal. APHIS will develop capabilities to acquire, mass produce and release natural enemies; monitor the establishment and dispersal of these enemies; and evaluate their biological and economic impact. In addition, APHIS will identify SPW-transmitted plant viruses, assess the biological control program's economic impact, and provide technology transfer on biological control of the SPW. The Agency will also evaluate insect pathogens for their ability to control the SPW.

(4) A net decrease of \$262,000 for animal care activities, consisting of:

- (a) An increase of \$95,000 for the annualization of the Fiscal Year 1992 pay raise.
- (b) A decrease of \$357,000 for the animal welfare program (\$9,188,000 available in FY 1991).

Need for Change. APHIS has completed training to familiarize animal welfare inspectors and animal care specialists with the Animal Welfare Act (AWA) and their responsibilities in the animal welfare program. Major animal welfare developmental projects and the printing of publications has been completed in support of recent amendments to the AWA. Also, in order to improve APHIS reporting capability, the Agency made a one-time purchase of computers and related equipment.

Nature of Change. APHIS will reduce the level of familiarization training and focus on developing specialized skills in such diverse areas as water quality analysis, marine mammal and zoo animal husbandry, and other aspects of the AWA. Agency resources for AWA developmental projects, printing, and equipment will be reduced.

(5) An increase of \$2,505,000 for scientific and technical services activities consisting of:

- (a) An increase of \$393,000 for the annualization of the Fiscal Year 1992 pay raise.

- (b) A decrease of \$250,000 for animal control methods development (\$9,517,000 available in FY 1992)

Need for Change. The mission of APHIS' animal control methods development is to protect American agriculture and other resources through identification, demonstration, and application of the best methods of controlling wild and free ranging animals that are detrimental to these resources. This program supports the needs the ADC operational program and other animal control methods needs of the public and private sector.

Nature of Change. Funds will continue to be used to support a program that focuses on maintaining and improving current methods, both lethal and nonlethal, for controlling damage caused by wild and free ranging animals; and to continue to search for alternative methods.

- (c) A decrease of \$145,000 for the biotechnology program (\$6,194,000 available in FY 1992)

Need for change. The goal of APHIS' biotechnology program is to facilitate the transfer of environmentally safe biotechnology products to the agricultural producer. Agency reviews serve to protect U.S. agriculture against threats to animal health and prevent the introduction and dissemination of harmful plant pests and diseases. In FY 1992, funds were provided to hire additional scientific staff, provide training to existing staff, and fund regulatory support activities that enhance the program's ability to make future regulatory decisions concerning biotechnology. A portion of the 1992 funds will also be used to procure computer and office equipment for new hires, and for relocation expenses. Since these expenses will have been completed by FY 1993, a modest reduction in funding is made possible.

Nature of change. The funding requested will maintain the Agency's activities to regulate the field release, interstate movement, and importation of genetically modified organisms, together with efforts to promote the international harmonization of biotechnology regulations and biosafety in product development, at current levels. Employee relocation costs, and computer hardware and software purchases, will be reduced.

- (d) An increase of \$2,507,000 for the Integrated Systems Acquisition Project (ISAP) (\$2,507,000 available in FY 1992).

Need for Change. ISAP is an Agency initiative to establish a mechanism to procure ADP equipment, software, and services which will enable APHIS' many information management applications to be developed and operate in a consistent, common ADP environment. This procurement is designed to replace the Agency's current mixture of incompatible, antiquated ADP systems. The ISAP initiative will improve the delivery and administration of Agency programs by integrating technologies and information across all levels of the Agency.

This project is being implemented at a time when APHIS, as a result of its strategic planning process, has recognized that it must place a greater emphasis on its role as a collector and disseminator of information relevant to animal and plant pests, pathogens, and diseases. This means that APHIS is placing a corresponding emphasis on the creation and maintenance of automated information systems.

We expect additional benefits to all APHIS programs; following are two examples of how ISAP will improve data base management within APHIS. The Agency's Veterinary Services unit has a number of independent

noncompatible databases which are used to track disease outbreaks. ISAP will allow the implementation of the Brucellosis Reporting System, Recorded Emergency Animal Disease Information System, and Tuberculosis Information Management System databases, which will all be compatible and be able to share information with the National Animal Health Monitoring System database. The Plant Protection and Quarantine unit has four databases at various stages in the system life cycle, which target APHIS's support of plant programs. The Pest Information Network (PINET), the Export Certification Project (EXCERPT), the Emergency Response Automated Data System (ERADS), and the National Agricultural Pest Information System (NAPIS) will benefit from ISAP. The increased timeliness and accessibility of centralized essential information will shorten response time to disease outbreaks and save American agriculture hundreds of millions of dollars.

Another category of benefits to APHIS, as a result of ISAP, will be in the area of expanded management information access. Programs like the Direct Customer Support System (DISCUSS), the Management Support System, and the Animal Damage Control Management Information System, are all programs where increased management involvement/awareness will be possible as a result of ISAP.

The systems life benefits, for those eight programs discussed above (out of 158 APHIS programs), exceed \$850 million, whereas the equipment and software to be procured under ISAP (for all 158 programs) will cost less than one third of that amount. These benefits will improve productivity, commonality, and management dissemination of information.

The total estimated cost of the project for full implementation of all APHIS sites is approximately \$251 million. The system life of the project is estimated at 10 years to achieve full implementation benefits. Older equipment, such as non state-of-the-art microcomputers, would be utilized until the end of the five year procurement process. Offeror responses to the ISAP solicitation that promote the usage of the APHIS inventory of microcomputers will receive extra credit in the procurement selection process.

Nature of Change. The funds requested will finance the second budget year of a multi-year acquisition. Procurement will include computer hardware, software, and management services. Funds will also be provided to operate a small staff of technical and procurement specialists to manage the contract.

(6) A total decrease of \$1,783,000 for the contingency fund.

(a) A decrease of \$1,783,000 for the contingency fund (\$5,000,000 available in FY 1992).

Need for Change. APHIS carried forward nearly \$3.5 million in contingency funds from FY 1991 to FY 1992. With the carry-over funds added to the reduced FY 1993 request, sufficient funds should be available to meet small-scale emergency funding needs in FY 1993.

Nature of Change. There is no program change.

Animal and Plant Health Inspection Service
Geographic Breakdown of Obligations and Staff-Years
1991 Actual and Estimated, 1992 and 1993

	1991		1992		1993	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama.....	3,788,168	84	4,150,000	86	4,000,000	84
Alaska.....	383,509	6	420,000	6	410,000	6
Arizona.....	6,766,463	99	7,420,000	102	7,150,000	99
Arkansas.....	6,175,684	51	6,770,000	52	6,530,000	51
California.....	19,504,757	321	21,390,000	330	20,610,000	320
Colorado.....	17,936,635	272	19,670,000	280	18,950,000	271
Connecticut.....	476,812	9	520,000	9	500,000	9
Delaware.....	235,490	7	260,000	7	250,000	7
Florida.....	18,301,515	267	20,070,000	275	19,340,000	266
Georgia.....	6,930,103	180	7,600,000	185	7,320,000	179
Hawaii.....	10,706,960	198	11,740,000	204	11,310,000	197
Idaho.....	3,796,048	68	4,160,000	70	4,010,000	68
Illinois.....	2,617,789	53	2,870,000	55	2,770,000	53
Indiana.....	4,719,081	23	5,170,000	24	4,990,000	23
Iowa.....	21,070,114	279	23,100,000	287	22,270,000	278
Kansas.....	2,061,942	32	2,260,000	33	2,180,000	32
Kentucky.....	2,254,126	36	2,470,000	37	2,380,000	36
Louisiana.....	6,224,127	64	6,820,000	66	6,580,000	64
Maine.....	968,461	11	1,060,000	11	1,020,000	11
Maryland.....	57,060,459	763	62,560,000	785	60,300,000	760
Massachusetts.....	2,560,460	61	2,810,000	63	2,710,000	61
Michigan.....	3,515,679	45	3,850,000	46	3,720,000	45
Minnesota.....	11,806,568	100	12,940,000	103	12,480,000	100
Mississippi.....	5,749,539	113	6,300,000	116	6,080,000	113
Missouri.....	3,217,074	35	3,530,000	36	3,400,000	35
Montana.....	3,452,743	63	3,790,000	65	3,650,000	63
Nebraska.....	3,214,551	34	3,520,000	35	3,400,000	34
Nevada.....	1,782,870	28	1,950,000	29	1,880,000	28
New Hampshire.....	337,763	6	370,000	6	360,000	6
New Jersey.....	6,885,423	57	7,550,000	59	7,280,000	57
New Mexico.....	2,633,676	47	2,890,000	48	2,780,000	47
New York.....	15,056,329	214	16,510,000	220	15,910,000	213
North Carolina....	6,529,382	144	7,160,000	148	6,900,000	143
North Dakota.....	2,003,111	39	2,200,000	40	2,120,000	39
Ohio.....	2,220,177	40	2,430,000	41	2,350,000	40
Oklahoma.....	4,032,375	55	4,420,000	57	4,260,000	55
Oregon.....	2,799,114	70	3,070,000	72	2,960,000	70
Pennsylvania.....	2,850,154	51	3,120,000	52	3,010,000	51
Rhode Island.....	188,954	3	210,000	3	200,000	3
South Carolina....	5,785,035	85	6,340,000	87	6,110,000	85
South Dakota.....	2,039,341	27	2,240,000	28	2,160,000	27
Tennessee.....	3,496,904	58	3,830,000	60	3,700,000	58
Texas.....	31,464,860	597	34,500,000	616	33,250,000	588
Utah.....	3,101,383	43	3,400,000	44	3,280,000	43
Vermont.....	504,755	8	550,000	8	530,000	8
Virginia.....	1,828,092	39	2,000,000	40	1,930,000	39
Washington.....	3,499,703	75	3,840,000	77	3,700,000	75
West Virginia....	815,593	17	890,000	17	860,000	17
Wisconsin.....	2,409,795	41	2,640,000	42	2,550,000	41
Wyoming.....	2,217,670	44	2,430,000	45	2,340,000	44
Washington, DC....	7,553,088	123	8,280,000	127	7,980,000	123
Puerto Rico.....	21,885,477	163	24,000,000	168	23,130,000	162
Virgin Islands....	230,918	5	250,000	5	240,000	5

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Asia/Pacific.....	782,854	4	860,000	4	830,000	4
Bahamas.....	404,131	2	440,000	2	430,000	2
Central America...	3,625,941	19	3,980,000	20	3,830,000	19
Chile.....	369,840	11	410,000	11	390,000	11
Colombia.....	1,713,585	2	1,880,000	2	1,810,000	2
Dominican Republic	1,318,903	4	1,450,000	4	1,390,000	4
Europe/Africa.....	1,587,211	16	1,740,000	16	1,680,000	16
Guam.....	8,847	0	10,000	0	10,000	0
Guatemala.....	3,519,896	11	3,860,000	11	3,720,000	11
Haiti.....	162,613	1	180,000	1	170,000	1
Mexico.....	31,301,959	195	34,320,000	201	33,080,000	194
Panama.....	688,546	2	750,000	2	730,000	2
Venezuela.....	<u>223,642</u>	<u>2</u>	<u>262,000</u>	<u>2</u>	<u>215,000</u>	<u>2</u>
Total, available or estimate.....	<u>405,354,767</u>	<u>5,622</u>	<u>444,432,000</u>	<u>5,783</u>	<u>428,365,000</u>	<u>5,600</u>

Notes:

1) The total ceiling staff years for FY 1991, 1992 and 1993 are 5,891, 6,075, and 6,000 respectively when staff years for miscellaneous funds and reimbursements are included.

2) The total for FY 1992 includes estimated spending of \$2.7 million of CCC funds for the fruit fly emergency programs. The FY 1993 estimate includes \$.7 million of CCC funds for the fruit fly emergency programs and \$8.9 million of no-year grasshopper funds to continue the grasshopper survey and integrated pest management programs.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter is enclosed in brackets):

Buildings and Facilities

For plans, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities, as authorized by 7 U.S.C. 2250, and acquisition of land as authorized by 7 U.S.C. 428a, [\$21,396,000] \$10,400,000.

BUILDINGS AND FACILITIES

Appropriations Act, 1992.....	\$21,396,000
Budget Estimate, 1993.....	<u>10,400,000</u>
Decrease in Appropriation.....	<u>-10,996,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Decrease of one time construction projects in 1992.....	\$15,996,000	-\$15,996,000	--
Maintenance of buildings and facilities.....	5,400,000	--	\$5,400,000
Design of Phase III of Plant Germ Plasm Quarantine Facility Beltsville, Maryland.....	--	+1,000,000	1,000,000
Plum Island Animal Disease Center modernization -- Phase II.....	--	+3,500,000	3,500,000
Planning for Screwworm facility in Panama.....	--	+500,000	500,000
Total Available.....	<u>21,396,000</u>	<u>-10,996,000</u>	<u>10,400,000</u>

BUILDINGS AND FACILITIES

PROJECT STATEMENT
(On basis of available funds)

	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
Construction of facilities.....	\$7,411,162	\$21,396,000	(1) -\$10,996,000	\$10,400,000
Unobligated balance available, start of year.....	-9,408,454	--	--	--
Unobligated balance available, end of year.....	23,393,014	--	--	--
Gramm-Rudman- Hollings reduction	278	--	--	--
Total, Estimated appropriated funds	21,396,000	21,396,000	- 10,996,000	10,400,000

EXPLANATION OF PROGRAM

The APHIS appropriation "Buildings and Facilities" funds major non-recurring construction projects in support of specific program activities and recurring construction, alterations, and repairs of existing APHIS facilities.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease of \$10,996,000 for buildings and facilities (\$21,396,000 available in FY 1992).

- (a) A decrease of \$15,996,000 for one time construction projects in FY 1992.

Need for Change. Construction of the one time projects identified in the FY 1992 request will be completed.

Nature of Change. The following projects will be built with the funds requested in FY 1992 (in millions of dollars):

Fort Collins Animal Research Center,	
Part 1 of Phase I-B	\$2.500
Germ Plasm Quarantine Facility, Phase II	12.000
Plum Island Modernization, Phase I	<u>1.496</u>
	15.996

- (b) An increase of \$1,000,000 to design the Plant Germ Plasm Quarantine Center.

Need for a Change. APHIS is responsible for ensuring that U.S. agriculture is protected from the threat of exotic pathogens, pests, and weeds. Over the years, the demand for, and importation of, foreign germ plasm has dramatically increased while the quarantine related facilities have deteriorated and staffing has remained unchanged. Long delays in the processing and release of foreign germ plasm have led to increased frustration among end users of foreign germ plasm. Individuals have been encouraged, because of these delays, to smuggle materials into the country which significantly increases the likelihood of accidental introduction of exotic organisms.

The facilities currently utilized for the germ plasm quarantine activities are too small, dispersed, antiquated, understaffed, and lack adequate security for the volume of material requiring processing. Consequently, a 10-year backlog of material has accumulated. The new Plant Germ Plasm Quarantine Center should be completed by the end of 1995 at a cost of about \$33 million. Through FY 1992, \$24 million of the \$33 million has already been funded.

Nature of Change. The increase will be used to fund design of the final phase of the three phase Master Plan to construct the National Germ Plasm Quarantine Facility at Beltsville, Maryland. The total cost of the third phase, design and construction, will be approximately \$9 million. This phase will consist of a single laboratory structure with two attached greenhouses.

- (c) An increase of \$3,500,000 for the APHIS share of the Plum Island Animal Disease Center modernization.

Need for Change. The Plum Island Animal Disease Center (PIADC) is located on an island in order to allow research into and diagnostic testing for exotic and highly contagious animal diseases without endangering the

domestic animal population. The facility, shared by APHIS and the Agricultural Research Service (ARS), is located in a harsh environment which is buffeted by severe weather and seas.

In September 1988, Congress authorized the consolidation of facilities at PIADC from 50 structures to approximately 26 structures in order to reduce energy and maintenance costs. In 1989, ARS and APHIS initiated an effort to develop a long range plan for repair and maintenance of the 23 remaining buildings and supporting infrastructure after consolidation.

Nature of Change. This amount represents the APHIS share for the second installment of Plum Island facility modernization costs and is concurrent with a \$6 million increase in the ARS request. The initial construction funds will be used for asbestos removal, electrical repairs, fire safety, building repairs, environmental issues, and dock and harbor repairs.

- (d) An increase of \$500,000 for a master plan for a new screwworm rearing facility in Panama.

Need for a Change. The existing screwworm sterile fly rearing facility, located in Tuxtla Gutierrez, Chiapas, Mexico, must be relocated or undergo major renovations in order to meet program objectives. The Tuxtla Gutierrez facility is in need of repair, replacement, renovation, and maintenance. In addition, program objectives envision eradication through Central America to Panama.

Once screwworms have been eradicated from Central America and Panama, a permanent sustainable barrier will need to be maintained in perpetuity in Panama to prevent the target pest from moving north. The barrier will be maintained by releasing sterile flies from a facility in Panama. Major cost savings are also anticipated when the production facility is moved from Mexico to the barrier zone in Panama.

The impact of locating the rearing facility in Panama is significant. In case of security failure, fertile material would be released at the furthest point in the eradicated zone from the United States in an area with minimal livestock movement. In order to properly plan for a new facility, the planning process should begin in FY 1993.

Nature of Change. The funds requested will be used to complete a master plan and initiate design for a new screwworm rearing facility in Panama.

PASSENGER MOTOR VEHICLES

The 1993 Budget Estimates propose the purchase of 170 replacement passenger motor vehicles.

The passenger motor vehicles of the Service are used by veterinarians, animal health technicians, plant protection and quarantine officers, inspectors, wildlife biologists, and other technical personnel in the performance of their duties. APHIS personnel use passenger motor vehicles during their daily activities to travel between individual ranches, farms, orchards, nurseries, ports, and other commercial firms. Use of common carriers is not feasible because of the need to travel in mostly rural areas. Comparative cost studies have shown that it is more economical to use Government-owned vehicles rather than reimburse employees for the use of privately-owned cars.

The Service's policy is to pool vehicles for use as much as possible. This results in a minimum of passenger motor vehicles and reduces overall operating costs. Operators are required to maintain and submit operational data. These periodic surveys are made to determine the continued need for vehicles and their condition.

Replacement of passenger motor vehicles. APHIS proposes replacing 170 of the 662 vehicles estimated to be in operation at the beginning of FY 1993. These 662 vehicles are located in 293 field locations and are used for pest and disease exclusion, plant and animal health monitoring, pest and disease management, animal care, and scientific and technical services programs. The control, eradication, testing, and inspection activities are essential in protecting the Nation's agriculture. All vehicles proposed for replacement have 60,000 or more miles or are more than 6 years of age.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1991, are as follows:

<u>Age Data</u>			<u>Mileage Data</u>		
<u>Age-Year Model</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage</u> (thousands)	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1986 & older	241	36%	80 or more	151	23%
1987	5	1%	60 - 80	104	16%
1988	128	19%	40 - 60	98	15%
1989	30	5%	20 - 40	124	18%
1990	156	24%	20 or less	185	28%
1991	102	15%			
TOTAL	662	100%	TOTAL	662	100%

AIRCRAFT

There are presently 20 aircraft in the Agency fleet, 2 for pest and disease exclusion and 18 for pest and disease management programs. During FY 1991, there were no aircraft replaced. The aircraft make aerial surveys and aerial application tests, are used for insect trapping operations, and to demonstrate the use of special equipment for suppression of destructive insects attacking crops.

Replacement aircraft, if purchased, would be used primarily in pest and disease management programs. These aircraft are sometimes used to supervise and observe contract planes which are newer, faster models than those the Agency has available. While this replacement authority is requested each year in the appropriation act, the aircraft are replaced only when necessary to maintain the fleet in safe and efficient operating condition.

AGRICULTURAL MARKETING SERVICE

Purpose Statement

The Agricultural Marketing Service (AMS) was established by the Secretary of Agriculture on April 2, 1972. AMS carries out programs authorized by approximately 50 different statutory authorities, the primary ones being the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627); the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601-602, 608a-608e, 610, 612, 614, 624, 671-674); the U.S. Cotton Standards Act (7 U.S.C. 51-65); the Cotton Statistics and Estimates Act (7 U.S.C. 471-476); the Tobacco Inspection Act (7 U.S.C. 511-511q); the Perishable Agricultural Commodities Act (7 U.S.C. 499a-499s); the Egg Products Inspection Act (21 U.S.C. 1031-1056); Section 32 (15 U.S.C. 713c); Agricultural Adjustment Act of 1938 (7 USC 1281 et seq.); Agricultural Trade and Assistance Act of 1954 (7 USC 1427, 1431, 1691, et seq.); Rural Development Act of 1972 (7 USC 2662, 2663); International Carriage of Perishable Foodstuff Act of 1982; Capper-Volstead Act (7 USC 291, 292).

The primary objective of AMS is to enhance the marketing and distribution of agricultural products from the Nation's farms. This is achieved through the collection and dissemination of market news information, the establishment of grading standards, the promotion of an efficient agricultural transportation system, inspection and grading services, and various marketing development programs. Approximately three-fourths of the funds needed to finance these activities are derived from user fees.

The Agricultural Marketing Service administers the following programs:

1. Market news service: The market news program entails the collection, analysis and dissemination of supply, inventories, prices and other market information for numerous agricultural commodities, including cotton and cottonseed; dairy products; fruits and vegetables; livestock, meat and grains; poultry products; and tobacco.

Market news provides timely, accurate, and unbiased information to assist producers, growers, and marketers of farm products in making critical decisions of where and when to sell, and at what price. The collection of market information is a joint effort by both Federal and State reporters.

2. Inspection, grading and standardization services: AMS develops and maintains standards of quality and condition for use in the grading of agricultural commodities. These standards provide a common language of trade for buyers and sellers of these commodities both here and abroad. AMS provides grading and certification services upon request for numerous agricultural commodities, including cotton, dairy products, fruits and vegetables, livestock and meat, poultry and eggs, and tobacco. AMS also provides: continuous in-plant inspection to manufacturers of liquid, frozen, or dried egg products to ensure that egg products are wholesome, unadulterated, and fit for human consumption; inspects egg handlers and hatcheries quarterly to ensure the proper disposition of restricted eggs; and controls the importation of egg products to ensure that U.S. requirements are met.

The inspection and grading activities are performed by Federal and Federally-supervised State employees. The egg products inspection program is mandatory and is funded from appropriations while grading activities are provided on a fee-for-service basis.

The science program conducts laboratory tests on agricultural commodities to aid in assigning grades to submitted samples. The program also assures that commercial and private laboratories are performing tests in a consistent, uniform, and accurate manner. The National Laboratory Accreditation program will verify that private laboratories which make claims concerning chemical residue levels on agricultural products, meet minimum quality and reliability standards.

3. Market protection and promotion services: AMS administers programs under several laws which authorize the collection of pesticide residue information, ensure proper marketing practices, stimulate innovative and improved commodity marketing, and provide assistance to industry-sponsored activities. The Pesticide Data Program provides statistically based data on pesticide use and residue levels from selected commodities to public agencies for policy making, regulatory and educational purposes. The Pesticide Recordkeeping Program establishes Federal regulations requiring non-commercial applicators to keep records of pesticides used in agricultural production. The Federal Seed Act requires truthful labeling of seeds shipped in interstate commerce to prevent misrepresentation. The Plant Variety Protection Act encourages the development of novel varieties of sexually reproduced plants by providing patent-like protection to developers. Oversight and direction is provided to several industry-funded research and promotion programs. During the past year, approximately \$386 million was collected through producer assessments and used by industry to broaden and enhance local and national markets for various commodities. Currently there are active research and promotion programs for beef, cotton, dairy products, eggs and egg products, honey, pork, potatoes, watermelon, lamb and wool, mohair, and soybeans.
4. Transportation Services: This program provides technical and administrative direction, coordination, and leadership in the development and execution of agricultural transportation policies and activities. The program's mission is to represent the interests of agriculture and rural communities in the U.S. to assure the availability of an adequate and economical transportation system, domestically and internationally.
5. Wholesale market development: Under this program, AMS provides technical advice and assistance to States and municipalities interested in creating new or upgrading current wholesale market facilities. AMS also conducts cooperative feasibility studies with other government agencies and the private sector to evaluate and suggest improvements in the efficiency with which agricultural commodities are handled and marketed.
6. Federal-State marketing improvement program: This program provides matching funds to State Departments of Agriculture for projects intended to improve the marketing of farm commodities. These funds enable the States to conduct marketing projects to improve local marketing systems. The aim of the program is to reduce the marketing costs for producers and, ultimately, the retail cost of food to consumers. Projects include work in innovative marketing techniques, testing study findings in the marketplace, and developing State expertise in providing service to marketers of agricultural commodities.
7. Perishable Agricultural Commodities Act: Through legal recourse procedures this program protects producers, shippers, distributors and retailers of fresh and frozen fruits and vegetables from financial loss due to buyer bankruptcy or unfair and fraudulent practices in the marketing of perishable agricultural commodities. This program also prohibits the unwarranted destruction or dumping of farm products handled for others.
8. Strengthening agricultural markets and producer income (Section 32): This program provides price assistance to producers through the purchase of surplus and, as necessary, other agricultural commodities from regular market outlets. Contracting offices use both Section 32 program funds and appropriated funds of the Food and Nutrition Service to make these purchases. All commodities purchased are transferred to the Food and Nutrition Service for distribution to schools, to the elderly and to other domestic food assistance programs.

AMS also develops and maintains standard food specifications used government-wide to provide a more efficient Federal food procurement service.

AMS supervises the administration of the marketing agreements and orders program and conducts public hearings and referenda to determine producer sentiment toward

new order programs and revisions of current programs. Marketing orders maintain orderly market conditions by establishing minimum prices which handlers pay to producers for milk and dairy products and by regulating the quality, quantity, or size of fruits and vegetables which handlers may market in commercial channels.

9. Work performed for others: AMS provides services for Federal, State, and private industry on a reimbursable basis, primarily in connection with the commodity grading and inspection programs.

AMS headquarters are located in Washington, D.C., with approximately 282 year-round and seasonal field offices. The peak employment period for AMS occurs during the four month period, September through December, due to the seasonal nature of the cotton, tobacco, and fruit and vegetable grading programs. Employment during the peak period averaged 5,636 during FY 1991. As of September 30, 1991, there were 3,579 full-time employees and 2,409 other than permanent full-time employees. Of this number, employees assigned to field office locations totaled 2,883 full-time and 2,386 other than permanent full-time employees.

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff-Years

1991 Actual and Estimated, 1992 and 1993

Item	1991		1992		1993	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
<u>Agricultural Marketing Service:</u>						
Marketing Services	\$50,347,445	642	\$56,636,000	711	\$53,400,000	654
New User Fees	--	--	--	--	4,427,000	67
Payments to States and Possessions	1,249,984	--	1,250,000	--	1,019,000	--
Total	51,597,429	642	57,886,000	711	58,846,000	721
<u>Obligations under other USDA appropriations:</u>						
Agricultural Research Service for statistical services	10,000	--	10,000	--	10,000	--
Federal Grain Inspection Service for statistical services	215,728	4	213,000	4	213,000	4
Food & Nutrition Service for commodity procurement services	709,000	13	709,000	13	709,000	13
Foreign Agri. Service for services on the Mexican sales agreement ..	30,000	1	30,000	1	30,000	1
Packers & Stockyards Administration for statistical services ..	60,000	1	60,000	1	60,000	1
National Agricultural Statistical Service for Statistical Services	10,000	--	10,000	--	10,000	--
Miscellaneous Reimbursements	4,000	--	4,000	--	4,000	--
Total, Other USDA Appropriations	1,038,728	19	1,036,000	19	1,036,000	19
Total, Agriculture Appropriations	52,636,157	661	58,922,000	730	59,882,000	740
<u>Permanent Appropriations:</u>						
Funds for Strengthening Markets, Income, and Supply (Section 32) ..	5,142,532,504	148	5,161,359,891	174	4,918,000,489	174
Recovery of prior year obligations	16,377,579	--	--	--	--	--
Carryin	294,167,658	--	262,429,546	--	184,608,511	--
Deduct transfers out	-4,767,256,412	--	-4,739,204,926	--	-4,336,238,000	--
Deduct carryout	-262,429,546	--	-184,608,511	--	-300,000,000	--
Net AMS	423,391,783	148	499,976,000	174	466,371,000	174
Perishable Agricultural Commodities Act Fund ..	6,091,531	135	7,300,000	142	7,300,000	142
Total, Permanent Appropriations	429,483,314	283	507,276,000	316	473,671,000	316
<u>Federal Funds:</u>						
Laboratory Accreditation	--	--	600	--	--	--
Dairy Grading Recapitalization	--	--	1,250	--	--	--
Total, Federal Funds:	--	--	1,850	--	--	--
<u>Non-Federal Funds:</u>						
American Egg Board for oversight work	61,153	1	65,000	1	65,000	1
Beef Board for oversight work	143,000	2	160,000	2	160,000	2
Cotton Board for oversight work	116,858	2	135,000	2	135,000	2
Dairy Board for oversight work	400,288	5	430,000	6	430,000	6
Honey Board for oversight work	76,000	1	102,000	2	102,000	2

AGRICULTURAL MARKETING SERVICE

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

Item	1991		1992		1993	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Lime Board for oversight work	45,000	1	102,000	2	102,000	2
Mushroom Board for oversight work	42,000	1	102,000	2	102,000	2
Pecan Board for oversight work	19,000	--	102,000	2	102,000	2
Pork Board for oversight work	158,000	2	160,000	2	160,000	2
Potato Board for oversight work	83,000	1	105,000	2	105,000	2
Soybean Board for oversight work	91,734	2	160,000	2	160,000	2
Watermelon Board for oversight work	65,000	1	102,000	2	102,000	2
Egg products inspection:	798,009		712,000		712,000	
Fees for grading of cotton and tobacco ...	42,129,937	830	50,735,000	766	52,861,000	756
Grading of farm products for producers, processors, and municipal, State and Federal Agencies	97,177,348	1,921	93,657,000	1,880	95,507,000	1,880
Milk Market Administrators for Federal Telecommunications System :						
employee compensation :						
& New York Market Administrator	74,000		149,000		149,000	
States for collection & dissemination of market news information	184,874	4	141,000	3	141,000	3
Total, Non-Federal Funds	141,665,201	2,774	147,119,000	2,676	151,095,000	2,666
Milk Market Orders Assessment Funds	34,551,546	548	36,970,000	548	39,558,000	548
Total, Agricultural Marketing Service	658,336,218	4,266	752,137,000	4,270	724,206,000	4,270

Full-Time Equivalent Staff-Years	1991 Actual	1992 Estimated	1993 Estimated
Ceiling	4,266	4,270	4,270
Non-Ceiling	261	292	292
Total	4,527	4,562	4,562

AGRICULTURAL MARKETING SERVICE
Permanent Positions by Grade and Staff-Year Summary
1991 and Estimated 1992 and 1993

GRADE	1991			1992			1993		
	HEAD-:			HEAD-:			HEAD-:		
	QTRS.: FIELD:	TOTAL:		QTRS.: FIELD:	TOTAL:		QTRS.: FIELD:	TOTAL:	
ES-6	1: --:	1:		1: --:	1:		1: --:	1:	
ES-5	2: --:	2:		2: --:	2:		2: --:	2:	
ES-4	8: --:	8:		8: --:	8:		8: --:	8:	
ES-3	1: --:	1:		1: --:	1:		1: --:	1:	
ES-1	1: --:	1:		1: --:	1:		1: --:	1:	
GS/GM-15	29: 1:	30:		29: 1:	30:		29: 1:	30:	
GS/GM-14	75: 20:	95:		75: 20:	95:		75: 20:	95:	
GS/GM-13	131: 50:	181:		136: 52:	188:		136: 52:	188:	
GS-12	120: 208:	328:		124: 210:	334:		124: 210:	334:	
GS-11	64: 225:	289:		66: 225:	291:		67: 224:	291:	
GS-10	1: 19:	20:		1: 19:	20:		1: 19:	20:	
GS-9	47: 770:	817:		50: 769:	819:		51: 768:	819:	
GS-8	9: 281:	290:		10: 280:	290:		10: 280:	290:	
GS-7	58: 313:	371:		60: 315:	375:		63: 312:	375:	
GS-6	47: 38:	85:		47: 39:	86:		49: 37:	86:	
GS-5	55: 220:	275:		58: 221:	279:		60: 219:	279:	
GS-4	44: 152:	196:		46: 154:	200:		47: 153:	200:	
GS-3	13: 17:	30:		13: 19:	32:		13: 19:	32:	
GS-2	3: 5:	8:		3: 6:	9:		3: 6:	9:	
Milk Market									
Orders Adminis-									
trators & Staff.	--: 602:	602:		--: 600:	600:		--: 600:	600:	
Ungraded									
Positions.....	3: 21:	24:		3: 21:	24:		3: 21:	24:	
Total Permanent..									
Positions	712:2,942:	3,654:		734:2,951:	3,685:		744:2,941:	3,685:	
Unfilled									
Positions									
end-of-year.....	-12: -39:	-51:		--: --:	--:		--: --:	--:	
Total, Permanent									
Employment, end-									
of-year.....	700:2,903:	3,603:		734:2,951:	3,685:		744:2,941:	3,685:	
Staff-Years:									
Ceiling.....	666:3,600:	4,266:		718:3,552:	4,270:		728:3,542:	4,270:	
Non-Ceiling.....	20: 241:	261:		20: 272:	292:		20: 272:	292:	
TOTAL.....	686:3,841:	4,527:		738:3,824:	4,562:		748:3,814:	4,562:	

AGRICULTURAL MARKETING SERVICE

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters	7,563,034	9,370,000	10,076,000
Field	14,621,967	16,876,000	17,456,000
11 Total personnel compensation	22,185,001	26,246,000	27,532,000
12 Personnel benefits	4,615,294	5,644,000	5,900,000
13 Benefits for former personnel	<u>58,529</u>	<u>70,000</u>	<u>70,000</u>
Total personnel compensation and benefits	<u>26,858,824</u>	<u>31,960,000</u>	<u>33,502,000</u>
Other Objects:			
21 Travel	1,460,517	1,994,000	2,020,000
22 Transportation of things	96,914	108,000	182,000
23.2 Rental payments to others	334,201	519,000	519,000
23.3 Communications, utilities and misc. charges	2,401,964	2,830,000	2,705,000
24 Printing and reproduction	344,315	406,000	421,000
25 Other services	10,464,632	16,586,000	16,173,000
26 Supplies and materials ..	568,226	627,000	647,000
31 Equipment	7,195,511	1,606,000	1,658,000
32 Land and structures	18,106	--	--
41 Grants, subsidies and contributions	1,254,984	1,250,000	1,019,000
42 Insurance claims and indemnities	15,661	--	--
43 Interest and dividends ..	<u>1,407</u>	<u>--</u>	<u>--</u>
Total other objects	<u>24,156,438</u>	<u>25,926,000</u>	<u>25,344,000</u>
Total obligations	<u>51,015,262</u>	<u>57,886,000</u>	<u>58,846,000</u>

Position Data:

Average Salary, ES positions	100,292	103,792	107,632
Average Salary, GM/GS positions	30,230	31,492	32,657
Average Grade, GM/GS positions	8.79	8.78	8.78

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Marketing Services:

For necessary expenses to carry on services related to consumer protection, agricultural marketing, transportation and distribution, and regulatory programs as authorized by law, and for administration and coordination of payments to States; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$90,000 for employment under 5 U.S.C. 3109, [~~\$56,636,000;~~] \$53,400,000, and in addition the Secretary shall collect and may use up to \$4,427,000 for the full cost associated with standardization activities under such regulations as promulgated by the Secretary of Agriculture; of which not less than [~~\$2,313,000~~] \$2,133,000 shall be available for the Wholesale Market Development Program for the design and development of wholesale and farmer market facilities for the major metropolitan areas of the country: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

The change in language is for shifting the funding source of standards from appropriation to user fees.

MARKETING SERVICES

Appropriations Act, 1992	\$56,636,000
Budget Estimate, 1993:	
Appropriations	\$53,400,000
New User Fees	4,427,000
Total, Budget Estimate, 1993	<u>57,827,000</u>
Increase in Estimate	<u>+1,191,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation and user fees)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Market News Service	\$19,164,000	+\$330,000	-\$116,000	\$19,378,000
Inspection and Standardization:				
Appropriations	17,161,000	+272,000	-4,458,000	12,975,000
New User Fees	--	--	+4,427,000	4,427,000
Market Protection and Promotion	15,414,000	+86,000	+774,000	16,274,000
Wholesale Market Development ..	2,313,000	+39,000	-219,000	2,133,000
Transportation Services	<u>2,584,000</u>	<u>+56,000</u>	<u>--</u>	<u>2,640,000</u>
Total Available	<u>56,636,000</u>	<u>+783,000</u>	<u>+408,000</u>	<u>57,827,000</u>

PROJECT STATEMENT
(On basis of appropriation and user fees)

	<u>1991 Actual</u>		<u>1992 Estimated</u>		<u>Increase or Decrease</u>	<u>1993 Estimated</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>		<u>Amount</u>	<u>Staff- Years</u>
1. <u>Market News</u>							
<u>Service:</u>							
(a) Cotton and							
cottonseed..	\$1,760,264:	29:	\$2,014,000:	31:	+\$23,000:	\$2,037,000:	31
(b) Dairy							
products ..	563,061:	8:	551,000:	8:	+9,000:	560,000:	8
(c) Fruits and							
vegetables..	5,112,243:	95:	5,507,000:	99:	+64,000:	5,571,000:	99
(d) Livestock,							
meats&grain:	6,826,564:	121:	7,596,000:	127:	+81,000:	7,677,000:	127
(e) Poultry							
products ..	2,216,263:	39:	2,548,000:	41:	+28,000:	2,576,000:	41
(f) Tobacco	<u>772,381:</u>	<u>17:</u>	<u>948,000:</u>	<u>19:</u>	<u>+9,000:</u>	<u>957,000:</u>	<u>19</u>
Total,							
Market News					(1):		
Service	17,250,776:	309:	19,164,000:	325:	+214,000:	19,378,000:	325
2. <u>Inspect. and</u>							
<u>Standardiza.</u>							
(a) Egg products:							
inspection..	10,984,876:	181:	12,784,000:	195:	+191,000:	12,975,000:	195
(b) Standardiza-							
tion:							
Approp.	3,757,526:	64:	4,377,000:	67:	-4,377,000:	--:	--
New User							
Fees	--:	--:	--:	--:	+4,427,000:	4,427,000:	67
Total, Inspec.					(2):		
& Standardiza...	14,742,402:	245:	17,161,000:	262:	+241,000:	17,402,000:	262

PROJECT STATEMENT
(On basis of appropriation and user fees)

	<u>1991 Actual</u>		<u>1992 Estimated</u>		<u>Increase</u>	<u>1993 Estimated</u>	
	:Staff-:		:Staff-:		or	:Staff-:	
	Amount	Years	Amount	Years	Decrease	Amount	Years
3. <u>Market Protection and Promotion:</u>							
(a) Federal Seed Act ...	1,105,723:	17:	1,169,000:	17:	+19,000:	1,188,000:	17
(b) Market development and assistance...	12,394,207:	18:	14,245,000:	50:	+841,000:	15,086,000:	60
Total, Market Protection and Promotion	13,499,930:	35:	15,414,000:	67:	(3): +860,000:	16,274,000:	77
4. <u>Wholesale Market Development</u> ...	1,901,022:	25:	2,313,000:	27:	(4): -180,000:	2,133,000:	27
5. <u>Transportation Svcs.</u> ..	2,371,148:	28:	2,584,000:	30:	(5): +56,000:	2,640,000:	30
Unobligated bal.:	582,167:	--	--	--	--	--	--
Total, available or estimate ...	50,347,445:	642:	56,636,000:	711:	+1,191,000:	57,827,000:	721
Transfer from Office of Transportation	-2,429,000:	--	--	--	--	--	--
Transfer from Rental Payments to GSA	-5,100:	--	--	--	--	--	--
Gramm-Rudman-Hollings Reduction	655:	--	--	--	--	--	--
New User Fees ..	--	--	--	--	-4,427,000:	-4,427,000:	-67
Total appropriation...	47,914,000:	642:	56,636,000:	711:	-3,236,000:	53,400,000:	654

EXPLANATION OF PROGRAM

1. Market News Service:

The market news program is carried out under the following authorities:

Agricultural Marketing Act of 1946
Cotton Statistics and Estimates Act of 1927
Naval Stores Act
Tobacco Statistics Act
Tobacco Inspection Act of 1935
U.S. Cotton Futures Act
Peanut Statistics Act
Food Security Act of 1985

Market news information is gathered on various agricultural products including dairy products, fruits and vegetables, livestock and meat, grain, poultry, eggs, cotton and tobacco. Market news provides those engaged in the production and marketing of farm products, as well as related industries with timely, accurate, and unbiased market information. This market information covers local, regional, national, and international markets and includes current data on supply, movement, contractual agreements, inventories, and prices at specific markets for practically all agricultural commodities. On a day-to-day basis those utilizing market news information are in a position to make the critical decisions of where and when to sell, and at what price.

Market information is obtained by both Federal and State reporters at trading points or by telephone. Information collected by these reporters is analyzed and disseminated immediately to the agricultural community by automatic telephone answering devices, facsimile machines, printed reports, radio and television, newspaper columns, and data networks. National information is integrated with local information and released in a form easily understood by the industry and locality served. Subscription fees are now charged for all printed and mailed reports except tobacco. Legislation authorizing the investment of these funds is contained in the 1990 Food, Agriculture, Conservation, and Trade Act.

Market News Workload Data, FY 1991:

<u>Commodity Group</u>	<u>Field Offices</u>	<u>Seasonal</u>	<u>Buyers and Sellers Inter- viewed</u>	<u>Printed Reports Issued (Thous.)</u>	<u>Number on Mailing List</u>	<u>No. of Federal Reporters</u>	<u>No. of Markets Covered</u>
Cotton and Cottonseed	4	--	2,964	501	2,861	8	7
Dairy and Dairy Products	1	--	445	108	2,709	4	46
Fruits and Vegetables	35	15	10,438	1,150	19,422	48	802
Livestock, Grain, and Meat	48	--	15,100	283	4,100	69	670
Poultry and Eggs	13	--	1,600	72	784	24	81
Tobacco	2	2	500	17	800	5	137

2. Inspection, Grading and Standardization:

This program is carried out under the following authorities:

- Agricultural Marketing Act of 1946
- Agricultural Fair Practices Act
- Cotton Statistics and Estimates Act of 1927
- U.S. Cotton Futures Act
- United States Cotton Standards Act
- Naval Stores Act
- Tobacco Inspection Act of 1935
- Tobacco Statistics Act
- Wool Standards Act
- Egg Products Inspection Act
- Dairy and Tobacco Adjustment Act of 1983
- Food Security Act of 1985

This program covers three distinct areas that facilitate the domestic and international marketing of agricultural commodities: development and maintenance of commodity quality standards, egg products inspection, and commodity grading.

- a. Standards. AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes such as taste, color, texture, yield, weight, and physical condition. Standards are developed for use in grading cotton, tobacco, naval stores, wool, mohair, livestock and meat, poultry, eggs, fruits, vegetables, nuts, and dairy products.

Standardization Workload Data:

	FY 1991 <u>Actual</u>	FY 1992 <u>Estimate</u>	FY 1993 <u>Estimate</u>
International and U.S. standards in effect, end of year	593	592	592
Number of commodities covered	237	237	237
Standards revised	5	13	38

- b. Inspection. This activity involves continuous mandatory inspection of egg processing plants producing liquid, frozen, or dried egg products to ensure products sold are wholesome, unadulterated and truthfully labeled. In cooperation with State Departments of Agriculture, shell egg grading operations are inspected at least four times yearly to control the disposition of certain types of undergrade and restricted eggs.

Egg Products Inspection Workload Data:

	FY 1991 <u>Actual</u>	FY 1992 <u>Estimate</u>	FY 1993 <u>Estimate</u>
Egg products inspected (million pounds)	1,973	1,900	2,050
Egg products accepted (million pounds)	32	35	35
Egg products plants	82	83	84
Egg handler surveillance visits	7,460	6,750	6,600
States and Commonwealths with cooperative agreements	52	52	52
Official samples submitted for analysis:			
Food chemistry and microbiology	24,300	25,000	25,000
Chemical residues	309	400	400

- c. Grading. The grading process involves the application of quality standards to agricultural commodities. Grading services are offered to users who pay published fees for services provided. These services facilitate marketing by permitting purchasers to buy commodities without having to inspect them personally and by providing an impartial evaluation of the quality of products prior to their sale. AMS certification services provide assurance to buyers that the products they receive are the quantity and quality specified in their contract with the seller.

Grading Workload Data:

	FY 1991 <u>Actual</u>	FY 1992 <u>Estimate</u>	FY 1993 <u>Estimate</u>
Cotton Classifications (thousand bales):			
Smith-Doxey Amendment	14,610	16,550	14,035
United States Cotton Standards Act:			
Public Classing Service	34	35	35
U.S. Cotton Futures Act	301	300	300
Total, Cotton Classifications	14,945	16,885	14,370
Cottonseed Grade Certificates Issued (thousands)	35	32	24

Poultry and Egg Grading:			
Poultry products graded (includes rabbits - million pounds)	15,505	16,200	16,800
Shell eggs graded (million dozen)	1,421	1,380	1,370
Pounds accepted (poultry - million pounds)	970	970	970
Dozens accepted (eggs - million dozen)	540	520	520
Meat Grading:			
Meat graded (million pounds)	16,628	17,140	17,655
Meat accepted (million pounds)	1,965	1,639	1,312
Livestock Grading:			
Livestock graded (million pounds)	21	38	40
Fresh Fruit, Vegetable & Nut Grading:			
Product inspected (million pounds)	79,300	80,500	81,700
Processed Fruit and Vegetable Grading:			
Product inspected (million pounds)	9,500	9,500	9,000
Dairy Grading:			
Butter graded (million pounds)	1,026	750	800
Cheese graded (million pounds)	148	100	100
Dry milk graded (million pounds)	490	350	350
Other products graded (million pounds)	112	100	100
Plant inspections	839	1,450	1,350
Tobacco Grading:			
Flue-cured (million pounds)	1,079	980	980
Fire-cured (million pounds)	23	26	26
Dark air-cured (million pounds)	2	4	4
Burley (million pounds)	657	700	700
Tobacco Reinspection (million pounds)	57	50	50
Imported Tobacco Inspection (million pounds)	227	226	226
TOTAL, Tobacco Inspection and Grading	2,045	1,986	1,986

3. Market Protection and Promotion:

In the administration of market protection and promotion activities the Agricultural Marketing Service operates under the following authorities:

Agricultural Marketing Act of 1946
 Capper Volstead Act
 Cotton Research and Promotion Act
 Egg Research and Consumer Information Act
 Export Apple and Pear Act
 Export Grape and Plum Act
 Federal Seed Act
 National Wool Act of 1954
 Plant Variety Protection Act
 Potato Research and Promotion Act
 Dairy and Tobacco Adjustment Act of 1983
 Honey Research, Promotion and Consumer Information Act
 Beef Promotion and Research Act of 1985
 Pork Promotion, Research and Consumer Information Act of 1985
 Watermelon Research and Promotion Act
 Soybean Promotion, Research and Consumer Information Act of 1990
 Pecan Promotion and Research Act of 1990
 Mushroom Research, Promotion and Consumer Information Act of 1990

Lime Research, Promotion and Consumer Information Act of 1990
Fluid Milk Promotion Act of 1990

- a. Pesticide Data Program. In FY 1992, The Pesticide Data Program (PDP) will continue to expand analytical testing capabilities, improve the random sampling system, and develop a program data information system.

Program plans for FY 1992 project 6,708 samples for collection and analysis by the 6 participating States. This plan accommodates the planned phase-in of uniform testing methodology, the implementation of new technology, and the training of additional State and program staff. The number of commodities is scheduled to be increased to 11 in January 1992 with a further increase to 14 commodities by July 1992. Samples will be collected at a rate of 52 samples per commodity per month, or 624 samples annually. The classes of pesticides will also be expanded, increasing the total pesticide/commodity pairs of interest to 24. Later in the fiscal year, carbamate (aldicarb) and benomyl analyses will be added to the pesticide testing profile.

In addition, AMS will finalize sampling plans with the assistance of a contractor. A plan will also be developed to transform the program from the current six States into a national testing program.

In FY 1992, a summary of the FY 1991 data will be published. Quarterly data reports are planned. By the end of FY 1992, the critical planning requirements for a fully operational program will be complete.

Pesticide Data Program Workload Data:

	<u>FY 1991 Actual</u>	<u>FY 1992 Estimate</u>	<u>FY 1993 Estimate</u>
Participating States	6	6	6
Commodity/Pesticide Pairs	105	105	105

- b. Federal Seed Act. This Act regulates agricultural and vegetable seed moving in interstate commerce. It prohibits false labeling and advertising of seed and the shipment of prohibited noxious-weed seed into a State. About 500 State seed inspectors are authorized to inspect seed subject to the Act. Seed samples are routinely drawn by State seed inspectors to monitor seed sold commercially. Should an inspection reveal infractions of the Act, a complaint may be referred to AMS by the cooperating State agency. Based on the results of the tests and investigations, AMS attempts to resolve each case administratively. If a case cannot be resolved administratively, AMS will initiate appropriate legal action. Intrastate infractions are subject to State laws.

Federal Seed Act Workload Data:

	<u>FY 1991 Actual</u>	<u>FY 1992 Estimate</u>	<u>FY 1993 Estimate</u>
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Seed Testing:

Seed samples tested in connection with:

Interstate shipments	934	1,100	1,200
Check tests	636	700	700
Variety testing	<u>1,744</u>	<u>2,000</u>	<u>2,400</u>
Total number of samples tested	3,314	3,800	4,300

Interstate Enforcement:

Cases for Investigation:

Total to be investigated	1,659	1,600	1,600
Investigations completed	1,101	1,000	1,000
Pending at end of year	558	600	600

Administrative Actions:

No action warranted	73	100	100
Warnings issued	634	700	700
Citations issued	197	200	200
Prosecutions recommended	--	--	--

Administrative Settlements:

Settlements terminated	348	150	150
Settlements pending	30	--	--

- c. Plant Variety Protection Act. This program offers legal protection to developers of novel varieties of sexually reproduced plants through the issuance of a certificate. These certificates assure developers exclusive rights to sell, reproduce, import, or export such varieties, or use them in the production of hybrids of different varieties for a period of 18 years. Fees are charged to those applying for certificates of protection and the funds are retained by the Department to fund the program.

Plant Variety Protection Workload Data:

	FY 1991 <u>Actual</u>	FY 1992 <u>Estimate</u>	FY 1993 <u>Estimate</u>
Backlog of applications, beginning of year	605	659	594
New applications received	271	270	280
Certificates issued	207	325	350
Applications abandoned	10	10	10
Pending applications, end of year	659	594	514
Number of years to process backlog applications	2.1	1.8	1.6

- d. The Research and Promotion Acts. The various Research and Promotion Acts provide for the collection of an assessment from producers to carry out research and promotion activities for beef, cotton, dairy products, eggs and egg products, honey, pork, potatoes, and watermelons. It is the responsibility of AMS to review and approve the budgets and the projects proposed by the research and promotion boards. Each research and promotion activity reimburses AMS for the cost of overseeing these programs.

Legislation authorizing the establishment of research and promotion activities for pecans, mushrooms, limes, soybeans, and fluid milk is contained in the 1990 Food, Agriculture, Conservation and Trade Act. These programs are in various stages of implementation. The Order issuing the implementation of the soybean research and promotion program was signed by the Secretary of Agriculture on July 9, 1991, and collection of assessments began on September 1, 1991. There are no plans to implement the fluid milk research and promotion program because of little support from the industry. The pecan and lime research and promotion programs are expected to be fully operational in the summer of 1992, and the mushroom research and promotion program by the fall of 1992.

Research and Promotion Programs
(Dollars in Millions)

Programs	<u>FY 1991 Actual</u>		<u>FY 1992 Estimate</u>		<u>FY 1993 Estimate</u>	
	<u>Assessments Collected</u>	<u>Funds Expended</u>	<u>Assessments Collected</u>	<u>Funds Expended</u>	<u>Assessments Collected</u>	<u>Funds Expended</u>
Beef	\$44.0	\$66.0	\$43.0	\$50.0	\$43.0	\$50.0
Cotton	38.5	26.4	55.6	45.2	47.6	48.0
Dairy	76.9	77.3	75.5	77.7	75.0	77.0
Egg	7.5	7.7	7.5	7.6	7.5	7.6
Honey	2.5	3.0	3.0	3.2	3.0	3.2
Pork	30.0	28.0	26.0	26.0	26.0	26.0
Potato	6.5	5.4	6.5	6.6	6.5	6.6
Watermelon	0.8	0.5	0.8	0.8	0.8	0.7
Total	<u>\$206.7</u>	<u>\$214.3</u>	<u>\$217.9</u>	<u>\$217.1</u>	<u>\$209.4</u>	<u>\$219.1</u>

4. Wholesale Market Development:

Activities in this program are carried out under the authority of the Agricultural Marketing Act of 1946.

The Wholesale Market Development Program conducts research and provides technical assistance aimed at improving food marketing efficiency. It emphasizes the most effective types of facilities needed to market farm products and distribute food within urban areas and assesses alternative marketing systems and practices. Projects are conducted in cooperation with growers, trade groups, individual food companies, and State and local governments.

Program activities for FY 1992 are dominated by continuing efforts to support four Congressionally mandated projects. These projects include a study of the feasibility and conceptual design of an Agribusiness Center and/or additional food marketing facilities at Columbia, South Carolina; new food marketing facilities to serve Chicago, Illinois; a new market center to serve agricultural producers, wholesalers, and processors in Maine; and a revitalization plan for farmers' market facilities in Toledo, Ohio. Each of these projects represent a major research effort and are progressing in stages.

A cooperative agreement between AMS and the City of Chicago has defined the scope of the study and provided the basis for specialized engineering work. Field work is pending. Major field work portions of the South Carolina study either have been completed or are now underway. Two cooperative agreements with the Maine Department of Agriculture and the University of Maine, respectively, define the scope and direction of the Maine facility project. Field work is underway to provide information needed to assess facility requirements and special services in Toledo, Ohio.

The assessment of the potential need for new wholesale facilities in Phoenix, Arizona, has been completed with the publication of a report "Wholesale Marketing Facilities for Maricopa County, Arizona". An evaluation of the use of wholesale food centers as marketing outlets for fresh produce has been completed with the publication of a USDA/University of Florida report "The Importance of Wholesale Produce Markets". The study results emphasized the importance of modern food centers to agricultural producers. A third project was also completed during the year with the publication of a technical report "Refrigeration Systems for Wholesale Food Distribution Centers" in cooperation with the New York State Department of Agriculture and Markets.

Additional technical assistance is being provided in San Diego, California; Phoenix, Arizona; Syracuse, New York; and Tupelo, Mississippi, to support local

decision makers implementing the results of previous studies. Staff specialists are also participating in AMS' foreign wholesale market development projects.

Wholesale Market Development Workload Data:

	FY 1991 <u>Actual</u>	FY 1992 <u>Estimate</u>	FY 1993 <u>Estimate</u>
Wholesale market facilities studies completed	3	2	2
Research projects completed	3	3	4

5. Transportation Services:

The Agricultural Marketing Service carries out Transportation Services activities under the following authorities:

Agricultural Marketing Act of 1946
 Agricultural Adjustment Act of 1938
 Agricultural Trade and Assistance Act of 1954
 Rural Development Act of 1972
 International Carriage of Perishable Foodstuffs Act of 1982.

These activities are designed to assure that the transportation system will adequately serve the agricultural and rural areas of the United States and will provide the services necessary to assure the residents of these areas adequate facilities for the movement of agricultural commodities and people. The main areas of responsibility are providing technical assistance to shippers and carriers, technological research, development, demonstrations in agricultural transport equipment, and participation in transportation regulatory actions before various Federal agencies. This program administers the implementation of the International Carriage of Perishable Foodstuffs Act of 1982. In addition, Transportation Services provides economic analyses to enable the Department of Agriculture to develop policy recommendations for addressing current or anticipated problems in domestic and international agricultural transportation.

JUSTIFICATION OF INCREASES AND DECREASES

Marketing Services

(1) A net increase of \$214,000 for market news services consisting of:

- (a) an increase of \$330,000 for pay costs which consists of \$264,000 for the annualization of the fiscal year 1992 pay raise and \$66,000 for a portion of the fiscal year 1993 raise.
- (b) a decrease of \$116,000 for FTS 2000 funding.

Funding requested in fiscal year 1992 was for one-time FTS 2000 installation and related equipment costs. This funding will not be necessary in fiscal year 1993.

(2) A net increase of \$241,000 for standardization and inspection services consisting of:

- (a) an increase of \$272,000 for pay costs which consists of \$218,000 for the annualization of the fiscal year 1992 pay raise and \$54,000 for a portion of the fiscal year 1993 pay raise.
- (b) a decrease of \$31,000 for FTS 2000 funding.

Funding requested in fiscal year 1992 was for one-time FTS 2000 installation and related equipment costs. This funding will not be necessary in fiscal year 1993.

- (c) no net change for standardization (a decrease of \$4,427,000 in appropriations offset by an increase of \$4,427,000 in user fees).

Need for Change. AMS develops, reviews, and maintains agricultural commodity standards that describe product quality attributes for use in the voluntary grading programs. Users of AMS grading services benefit from the development and maintenance of quality standards.

Nature of Change. This proposal would shift the funding source from appropriation to user fees. All costs incurred for commodity standards would be charged to users of the grading programs as a part of the grading fees.

(3) A net increase of \$860,000 for market protection and promotion consisting of:

- (a) an increase of \$780,000 for the certification of organic products.

Need for Change: Environmental and health concerns over the use of pesticides in producing agricultural products has become an important issue for legislators, farmers, and the American people. The 1990 Farm Bill requires the Secretary to establish and implement an organic certification program under the "Organic Foods Production Act of 1990".

In fiscal year 1992, the National Organic Standards Board will be established and will meet to develop a national list of allowable and prohibited substances. The Board may convene technical advisory panels to provide scientific evaluations, seek advice from other Federal agencies such as the EPA and Health and Human Services as necessary, and develop a plan for program implementation. Funding for the Board is included in the Department's account for Advisory Committees.

In fiscal year 1993, AMS will work with the Board to design the organic certification program, develop the approved substances lists, work with the industry to develop standards, and certify inspection agents. Once the program has been designed, AMS will act with the Board to begin the process of accrediting State Departments of Agriculture or private persons to inspect participating producers and handlers to certify compliance with the organic program. Accredited inspectors will conduct annual on-site examinations to ensure that participants have not produced, handled, or mislabeled agricultural products that do not meet the established organic standards. Once USDA develops national minimum organic standards for agricultural products and the program is fully operational, it is estimated that the program will certify 5,000 meat and poultry and 7,000 fruit, vegetable, and grain producers and handlers.

Nature of Change: AMS will require additional personnel to design and implement the organic certification program and provide the necessary Federal oversight of the continuing program. Funding will be used for salaries, benefits, and other costs to support the Federal program operations. Costs incurred by certifying agents will be fee supported.

- (b) an increase of \$86,000 for pay costs which consists of \$70,000 for the annualization of the fiscal year 1992 pay raise and \$16,000 for a portion of the fiscal year 1993 pay raise.
- (c) a decrease of \$6,000 for FTS 2000 funding.

Funding requested in fiscal year 1992 was for one-time FTS 2000 installation and related equipment costs. This funding will not be necessary in fiscal year 1993.

- (4) A decrease of \$180,000 for wholesale market development consisting of:
 - (a) a decrease of \$219,000 for program activities.

Need for Change: The funding requested for this program is comparable to the level sought in previous years. Additional funding was provided for projects which were completed in fiscal year 1992. Therefore, these funds will not be necessary in fiscal year 1992.

Nature of Change: This program will continue to advise and assist States and municipalities to create or upgrade wholesale market facilities, and to conduct cooperative studies to evaluate and improve the efficiency of the marketing and handling of agricultural commodities.

- (b) an increase of \$39,000 for pay costs which consists of \$31,000 for the annualization of the fiscal year 1992 pay raise and \$8,000 for a portion of the fiscal year 1993 pay raise.
- (5) An increase of \$56,000 for transportation services for pay costs which consists of \$45,000 for the annualization of the fiscal year 1992 pay raise and \$11,000 for a portion of the fiscal year 1993 pay raise.

Agricultural Marketing Service
Marketing Services
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Alabama	\$269,703	6	\$310,000	6	\$314,000	6
Alaska	8,678	--	10,000	--	10,000	--
Arizona	264,776	7	295,000	7	297,000	7
Arkansas	377,445	8	436,000	8	441,000	8
California	5,640,463	46	5,364,000	49	5,597,000	49
Colorado	284,407	7	318,000	8	322,000	8
District of Columbia	21,013,940	216	26,912,000	254	26,926,000	264
Florida	1,650,333	7	1,497,000	9	1,601,000	9
Georgia	716,423	17	810,000	17	820,000	17
Hawaii	9,930	--	12,000	--	12,000	--
Idaho	74,275	2	83,000	2	83,000	2
Illinois	566,273	14	629,000	15	636,000	15
Indiana	470,525	8	548,000	9	555,000	9
Iowa	2,643,019	54	3,024,000	58	3,062,000	58
Kansas	229,858	6	255,000	6	258,000	6
Kentucky	111,284	3	124,000	3	125,000	3
Louisiana	147,450	4	164,000	4	166,000	4
Maine	108,779	2	125,000	2	126,000	2
Maryland	110,849	2	124,000	2	125,000	2
Massachusetts	184,160	5	205,000	5	207,000	5
Michigan	1,200,431	3	812,000	3	1,113,000	3
Minnesota	1,201,948	23	1,387,000	25	1,406,000	25
Mississippi	282,858	5	324,000	7	328,000	7
Missouri	780,187	18	882,000	19	894,000	19
Montana	67,966	2	76,000	2	76,000	2
Nebraska	359,613	9	399,000	10	404,000	10
New Jersey	930,398	19	1,064,000	21	1,078,000	21
New York	1,669,825	16	1,852,000	17	1,961,000	17
North Carolina	1,063,757	21	1,224,000	22	1,241,000	22
Ohio	303,357	6	347,000	6	352,000	6
Oklahoma	193,585	5	216,000	5	218,000	5
Oregon	206,875	4	234,000	5	236,000	5
Pennsylvania	574,987	13	650,000	14	659,000	14
Puerto Rico	51,271	1	60,000	1	61,000	1
South Carolina	704,655	14	804,000	15	814,000	15
South Dakota	130,953	3	145,000	4	147,000	4
Tennessee	1,184,487	28	1,324,000	30	1,340,000	30
Texas	2,044,552	18	1,935,000	19	2,045,000	19
Utah	72,128	1	84,000	1	85,000	1
Virginia	18,206	--	21,000	--	22,000	--
Washington	1,573,821	12	1,250,000	14	1,359,000	14
West Virginia	50,521	1	57,000	1	58,000	1
Wisconsin	133,624	4	152,000	4	154,000	4
Wyoming	82,703	2	92,000	2	93,000	2
Subtotal, Available or Estimate	49,765,278	642	56,636,000	711	57,827,000	721
Unobligated balance	582,167	--	--	--	--	--
Total, Available or Estimate	\$50,347,445	642	\$56,636,000	711	\$57,827,000	721

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows
(new language underscored: deleted matter enclosed in brackets):

Payments to States and Possessions:

For payments to departments of agriculture, bureaus
and departments of markets, and similar agencies for
marketing activities under section 204(b) of the
Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)),
[\$1,250,000] \$1,019,000.

PAYMENTS TO STATES AND POSSESSIONS

Appropriation Act, 1992	\$1,250,000
Budget Estimate, 1993	<u>1,019,000</u>
Decrease in Appropriation	<u>-231,000</u>

PROJECT STATEMENT
(On basis of appropriation)

	: 1991	: 1992	:	: 1993
	: Actual	: Estimated	: Decrease	: Estimated
Payments for marketing service	:	:	:	:
work under Section 204(b) of	:	:	:	:
the Agricultural Marketing	:	:	:	:
Act of 1946	\$1,249,984	\$1,250,000	-\$231,000	\$1,019,000
			(1):	
Total, available or estimate	<u>1,249,984</u>	<u>1,250,000</u>	<u>-231,000</u>	<u>1,019,000</u>
Gramm-Rudman-Hollings Reduction ..	<u>16</u>			
Total, appropriation	<u>1,250,000</u>			

EXPLANATION OF PROGRAM

The Federal-State Marketing Improvement Program is authorized by Section 204(b) of the Agricultural Marketing Act of 1946. This legislation also grants the U.S. Department of Agriculture authority to establish cooperative agreements with State Departments of Agriculture or similar State agencies. These agreements make possible joint efforts to improve the efficiency of the agricultural marketing chain. The States perform the work or contract it to others, and must contribute at least half of the cost of the projects.

Payments are made to State marketing agencies to: identify and market test alternative farm commodities; determine methods of providing more reliable market information, and develop better commodity grading standards. This program has covered many types of projects, such as electronic marketing and agricultural product diversification. The general themes of the current projects include the improvement of marketing efficiency and effectiveness, and seeking new outlets for existing farm produced commodities.

JUSTIFICATION OF INCREASES AND DECREASES(1) A decrease of \$231,000 for program activities.

Need for Change. Federal matching funds are provided to States for up to half the cost of cooperatively sponsored projects. These projects are proposed by the States to solve local marketing problems. We believe that the State Departments of Agriculture are developing the capability to respond to their marketing service needs. Therefore, less Federal funding is needed to assist the States in conducting projects geared to developing ongoing capabilities and services and to address specific local marketing problems.

Nature of Change. Federal matching funds will continue to be provided to assist States in funding projects to deal with specific State or local marketing problems.

Agricultural Marketing Service
 Payments to States and Possessions
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1991 and Estimated 1992 and 1993

	<u>1991</u>
Arizona	\$40,000
Arkansas	40,000
Connecticut	60,000
Delaware	39,969
Florida	45,000
Georgia	50,000
Kansas	50,000
Maryland	30,000
Massachusetts	72,143
Michigan	53,500
Mississippi	85,000
Nebraska	40,356
New Jersey	66,500
New Mexico	16,266
North Carolina	30,543
North Dakota	111,720
Oklahoma	51,818
Oregon	120,000
Pennsylvania	26,000
South Dakota	7,500
Texas	165,000
Virginia	31,429
West Virginia	<u>17,240</u>

Total, Available or
 Estimate a/ \$1,249,984

a/ Distribution of obligations by State not available until projects
 have been selected for funding in 1992 \$1,250,000 and 1993 \$1,019,000.

PERISHABLE AGRICULTURAL COMMODITIES ACT FUND

Appropriation Act, 1992 (from receipts)	\$7,300,000
Budget Estimate, 1993 (from receipts)	<u>7,300,000</u>
Change in Appropriation	<u> -- </u>

PROJECT STATEMENT
(On basis of available funds)

Project	: 1991 Actual	: 1992 Estimated	: Increase:	: 1993 Estimated
	: Staff-	: Staff-	: or	: Staff-
	: Amount	: Amount	: Decrease:	: Amount
	: Years	: Years		: Years
Licensing dealers and handling complaints	\$6,091,531: 135	\$7,300,000: 142	--	\$7,300,000: 142
Unobligated balance available: start of period ..	-230,615: --	-88,821: --	--	-88,821: --
Unobligated balance available: end of period	88,821: --	88,821: --	--	88,821: --
Total available or estimate	5,949,737: 135	7,300,000: 142	--	7,300,000: 142

OBLIGATION LEVELS
(on basis of available funds)

Item	: 1991 Actual	: 1992 Estimated	: 1993 Estimated
Appropriation (from receipts)	\$5,949,737	\$7,300,000	\$7,300,000
Unobligated balance available, start of period	230,615	88,821	88,821
Total available	6,180,352	7,388,821	7,388,821
Total obligations	-6,091,531	-7,300,000	-7,300,000
Unobligated balance available, end of period	88,821	88,821	88,821

EXPLANATION OF PROGRAM

This program is carried out under the Perishable Agricultural Commodities Act and the Produce Agency Act.

These Acts are designed to: (1) protect producers, shippers, distributors and retailers from unfair and fraudulent practices in the marketing of perishable agricultural commodities; and (2) prevent the unwarranted destruction or dumping of farm products handled for others.

Commission merchants, dealers, brokers, and retailers engaged in the business of handling fresh or frozen fruits and vegetables in interstate or foreign commerce must be licensed under the Perishable Agricultural Commodities Act (PACA). Buyers and sellers must fulfill the terms of contractual agreements, and buyers must pay promptly for their purchases.

Traders who have been found in a formal proceeding to have violated the prompt payment provision of this Act are penalized by restrictions on trading in the industry for a specific period of time. When eligible to resume trading, they are required to post surety bonds before resuming operations. False or misleading statements, misbranding, and similar violations are prohibited.

To increase protection and avert financial losses to growers and licensed firms, the Perishable Agricultural Commodities Act was amended in May 1984 to create a statutory trust. This statutory trust provision requires traders to have sufficient assets on hand to meet their obligations to fruit and vegetable suppliers. Sellers of fruits and vegetables who have not been paid are secured under this legislation until full payment is made. These sellers are also secured in the event the buyer files for bankruptcy or becomes insolvent. The amendment also improves the timeliness of payment.

Complaints of violations are investigated and violations resolved through: (1) informal agreements between the two parties; (2) formal decisions involving payment of reparation awards; and/or (3) suspension or revocation of license and/or publication of the facts. Any interested party or group may request AMS assistance in settling disputes under the Perishable Agricultural Commodities Act.

License fees are deposited into a special fund and are used to meet the costs of administering these Acts. The annual PACA license fee is \$400, plus \$200 for every branch or business facility above nine, up to a maximum annual fee of \$4,000.

Perishable Agricultural Commodities Act Workload Data:

<u>Licensing Activities:</u>	<u>FY 1991 Actual</u>	<u>FY 1992 Estimate</u>	<u>FY 1993 Estimate</u>
Licenses renewed	13,220	13,220	13,400
New licenses issued	<u>1,790</u>	<u>1,975</u>	<u>1,995</u>
In effect, end of year	15,010	15,195	15,395

Actions Completed: *

License actions	21,000	20,300	20,300
Reparation actions	44,500	48,000	48,500
Disciplinary actions	346	375	390
Personal investigations	2,350	2,400	2,500
Statutory Trust actions	103,000	115,000	130,000
Misbranding actions	<u>537</u>	<u>550</u>	<u>575</u>
Total Actions	171,733	186,625	202,265

Reparations: (Dollars in Millions)

Awarded - Formal orders	\$14,694	\$15,000	\$15,000
Payments - Amicable settlements	<u>17,000</u>	<u>17,100</u>	<u>17,200</u>
Total Reparations	\$31,694	\$32,100	\$32,200

Statutory Trust:

Notices filed	103,000	115,000	130,000
Refunds to sellers (Dollars in Millions)	\$613	\$725	\$850

* Statutory Trust Notices included in Actions Completed.

Agricultural Marketing Service
Perishable Agricultural Commodities Act
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Arizona	\$661,385	16	\$741,000	17	\$741,000	17
District of Columbia.	3,433,469	72	4,283,000	74	4,283,000	74
Illinois	479,171	11	540,000	12	540,000	12
New Jersey	675,899	16	765,000	17	765,000	17
Texas	582,276	14	660,000	15	660,000	15
Virginia.....	259,331	6	311,000	7	311,000	7
Total, Available or Estimate	<u>\$6,091,531</u>	<u>135</u>	<u>\$7,300,000</u>	<u>142</u>	<u>\$7,300,000</u>	<u>142</u>

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows
(new language underscored; deleted matter enclosed in brackets):

Limitation on Administrative Expenses

Not to exceed [\$50,735,000] \$52,861,000 (from fees collected)
shall be obligated during the current fiscal year for
administrative expenses: Provided, That if crop size is
understated and/or other uncontrollable events occur, the Agency
may exceed this limitation by up to 10 percent with notification
to the Appropriation Committees.

Limitation on Administrative Expenses

Appropriation Act, 1992	\$50,735,000
Budget Estimate, 1993	<u>52,861,000</u>
Increase in Limitation	<u>+2,126,000</u>

The increase of \$2,126,000 in the limitation on administrative expenses
is needed to fund increased operating costs in FY 1993.

If we are not able to increase the limitation on administrative expenses,
we would have to begin denying service when we reach our limitation. The
increased limitation will allow for uninterrupted grading services in FY 1993.

AGRICULTURAL MARKETING SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

[Trust Funds]

[For expenses necessary to recapitalize Dairy Graders \$1,250,000 and to capitalize the Laboratory Accreditation Program \$600,000 making a total of \$1,850,000, under the Agricultural Marketing Act of 1946 (7 U.S.C. 1623.)

Trust Funds

Apropriation Act, 1992	\$1,850,000
Budget Estimate, 1993	--
Change in Appropriation	<u>-1,850,000</u>

A decrease of \$1,850,000 for one-time appropriations to the AMS trust fund consisting of:

- (a) a decrease of \$1,250,000 for the recapitalization of the dairy grading program.

Need for Change. AMS received a one-time appropriation in fiscal year 1992 to recapitalize the dairy grading program. This appropriation has stabilized the program's reserve balance.

Nature of Change. The dairy grading program will resume operating with only non-appropriated funding.

- (b) a decrease of \$600,000 for the National Laboratory Accreditation Program.

Need for Change. AMS was provided with a one-time appropriation in fiscal year 1992 for the establishment of the National Laboratory Accreditation Program, as authorized in the 1990 Farm Bill.

Nature of Change. AMS will charge user fees for the continued operation of the program.

PASSENGER MOTOR VEHICLES

The 1993 Budget Estimates propose the purchase of thirty replacements and three additional motor vehicles.

The estimated number of passenger motor vehicles available for 1993 are the minimum necessary to maintain essential services in AMS programs. These cars are used to provide the following necessary services: (1) traveling to places which in most cases are not accessible by common carriers, such as farms, market terminals, offices of product dealers and truckers, processing plants, canneries, stockyards, cotton gins, and compress operators; (2) carrying special grading and testing equipment used for inspecting and grading commodities and for performing other work required under the Agricultural Marketing Act of 1946; U.S. Cotton Standards Act; Cotton Statistics and Estimates Act; Tobacco Inspection Act; and Dairy and Tobacco Adjustment Act; and (3) carrying boxes of cotton standards types used in classing work and demonstration at farmers' meetings.

Additional passenger motor vehicles. Three additional passenger motor vehicles are requested for use in the tobacco division. The tobacco division is expecting an increase in their workload which would increase the number of inspectors needed this season. Additional vehicles are required to meet the anticipated workload.

Replacement of passenger motor vehicles. Replacement of 30 of the 60 vehicles now in operation is proposed. All vehicles proposed to be replaced are expected to have mileage over 60,000 or will be more than six years of age.

The age and mileage data for passenger motor vehicles on hand as of September 30, 1991, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage</u> (thousands)	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percentage of Total</u>
1986 or older	14	23	80-100	6	10
1987	3	5	60-80	14	23
1988	30	50	40-60	24	40
1989	6	10	20-40	9	15
1990	6	10	Under 20	7	12
1991	<u>1</u>	<u>2</u>	Total	<u>60</u>	<u>100</u>
Total	<u>60</u>	<u>100</u>			

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

The estimates include appropriations language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Funds For Strengthening Markets, Income and Supply (Section 32):

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for: (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise provided in this Act; and (3) not more than [\$10,360,000] \$10,309,000 for formulation and administration of Marketing Agreements and Orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961. In fiscal years 1992 and 1993, section 32 funds shall be used to promote sunflower and cottonseed oil exports to the full extent authorized by section 1541 of Public Law 101-624 (7 U.S.C. 1464 note), and such funds shall be used to facilitate additional sales of such oils in world markets.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32) -- CURRENT LAW

Permanent Appropriation, 1992	\$5,161,359,891
Less transfers to:	
Department of Commerce to promote and develop fishery products and research pertaining to American fisheries	-64,112,926
Food and Nutrition Service, Child Nutrition Programs	-4,675,092,000
Total transfers	-4,739,204,926
Adjusted Base for 1992	422,154,965
Budget Estimate, 1993:	
Annual permanent appropriation	\$4,918,000,489
Less transfers to:	
Department of Commerce	-64,100,000
Food and Nutrition Service	-4,272,138,000
Total transfers	-4,336,238,000
Budget Estimate, 1993	581,762,489
Increase from adjusted 1992	<u>+159,607,524</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Commodity Purchases	\$432,500,000		-\$32,500,000	\$400,000,000
Disaster Relief	1,000,000		-1,000,000	--
Sunflowerseed Oil and Cottonseed Oil Purchases ..	50,000,000		--	50,000,000
Commodity Purchase Services ..	6,116,000	+\$51,000	-105,000	6,062,000
Marketing Agreements and Orders	<u>10,360,000</u>	<u>+178,000</u>	<u>-229,000</u>	<u>10,309,000</u>
Total Available	<u>499,976,000</u>	<u>+229,000</u>	<u>-33,834,000</u>	<u>466,371,000</u>

PROJECT STATEMENT - CURRENT LAW
(On basis of adjusted appropriation)

Project	: 1991 Actual	: 1992 Estimated	: Increase	: 1993 Estimated
	: Staff:	: Staff:	or	: Staff
	: Amount	: Years:	: Decrease	: Amount
1. <u>Commodity Purchases</u>	:	:	:	:
a. Child Nutrition Program	:	:	:	:
Purchases	\$350,887,367	--	--	\$400,000,000
b. Emergency Surplus Removal	54,284,269	--	-\$32,500,000(1)	--
Subtotal	405,171,636	--	-32,500,000	400,000,000
2. <u>Disaster Relief</u> ..	5,642,383	--	-1,000,000(2)	--
3. <u>Sunflowerseed Oil & Cottonseed Oil Purchases</u>	--	--	--	50,000,000
4. <u>Administrative Funds</u>	:	:	:	:
a. Commodity Purchase Services	4,757,850	35	-54,000	6,062,000
b. Marketing Agreements & Orders ..	7,819,914	113	-51,000	10,309,000
Subtotal	12,577,764	148	-105,000(3)	16,371,000
Total obligations	423,391,783	148	-33,605,000	466,371,000
Recovery of Prior Year obligations	-16,377,579	--	--	--
Unobligated balance available, start of year	-294,167,658	--	+77,821,035	-184,608,511
Unobligated balance available end of year	262,429,546	--	+115,391,489	300,000,000
Total, Available or Estimate	375,276,092	148	+159,607,524	581,762,489

OBLIGATION LEVELS
(On basis of available funds)

Item	1991 Actual	1992 Estimated	1993 Estimated
Appropriation or estimate ..	\$5,142,532,504	\$5,161,359,891	\$4,918,000,489
Unobligated balance available, start of year .	294,167,658	262,429,546	184,608,511
Recovery of Prior Year obligations	16,377,579		
Total available	5,453,077,741	5,423,789,437	5,102,609,000
Less transfers to:			
Food and Nutrition Service, Child Nutrition Programs ..	-4,696,501,000	-4,675,092,000	-4,272,138,000
Department of Commerce .	-70,755,412	-64,112,926	-64,100,000
Total transfers	-4,767,256,412	-4,739,204,926	-4,336,238,000
Total available after transfers	685,821,329	684,584,511	766,371,000
Less total obligations	-423,391,783	-499,976,000	-466,371,000 a/
Unobligated balance available, end of year....	262,429,546	184,608,511	300,000,000

a/ Under proposed legislation, total obligations in 1993 will be decreased to \$456,415,000.

EXPLANATION OF PROGRAM

Under Section 32 of the Act of August 24, 1935, (7 U.S.C. 612c) an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances up to \$300 million are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal up to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce. Additionally, funds are transferred to the Food and Nutrition Service for use by the Child Nutrition Programs as provided in the current Appropriations Act.

Commodity Purchases:

Pursuant to Section 32, the Agricultural Marketing Service directs the purchase of commodities such as meats and fish, fruits and vegetables, and poultry in order to stabilize market conditions and provide commodities for distribution through the Food and Nutrition Service to schools as part of the entitlement for the National School Lunch Program. In addition, AMS purchases commodities for other domestic feeding programs of the Food and Nutrition Service (FNS). AMS is reimbursed by FNS for the administrative costs associated with purchases made for FNS domestic feeding programs. Commodities purchased for market stability purposes are donated to eligible schools or public or private institutions that operate meal programs.

Commodity Purchase Services Workload Data:

	FY 1991 <u>Actual</u>	FY 1992 <u>Estimate</u>	FY 1993 <u>Estimate</u>
Contract bids received:			
Fruits and Vegetables	854	900	950
Meat and Fish	401	485	515
Poultry	538	550	575
Total	1,793	1,935	2,040

Contracts awarded:

Fruits and Vegetables	483	530	580
Meat and Fish	269	290	320
Poultry	<u>321</u>	<u>340</u>	<u>360</u>
Total	1,073	1,160	1,260

Summary of Purchases by Commodity Group
(In thousands)

<u>Commodity Group</u>	<u>1990 Actual</u>		<u>1991 Actual</u>	
	<u>Pounds</u>	<u>Obligations</u>	<u>Pounds</u>	<u>Obligations</u>
Poultry	99,682	\$65,423	121,202	\$87,834
Meat	145,518	185,098	149,928	191,628
Fruit	166,881	74,754	104,679	63,199
Vegetables	<u>161,650</u>	<u>53,383</u>	<u>200,647</u>	<u>62,511</u>
Total	<u>573,731</u>	<u>\$378,658</u>	<u>576,456</u>	<u>\$405,172</u>

Section 32 Commodity Purchases FY 1990 and 1991
(In thousands)

<u>Item</u>	<u>1990 Actual</u>		<u>1991 Actual</u>	
	<u>Pounds</u>	<u>Obligation</u>	<u>Pounds</u>	<u>Obligations</u>
Almond Butter	--	--	17,908	\$21,220
Apple Juice, Canned	16,796	\$4,178	--	--
Apple Slices, Canned	9,133	4,003	14,415	6,460
Apples, Fresh	17,549	3,638	6,442	1,612
Applesauce	22,798	6,334	25,914	7,794
Apricots, Canned	8,019	4,098	--	--
Asparagus, Canned	--	--	2,457	1,695
Asparagus, Frozen	--	--	320	401
Beans, Dry	16,464	4,590	27,961	6,104
Beans, Green, Canned	14,406	3,893	8,889	2,346
Beans, Green, Frozen	--	--	928	349
Beans, Refried, Canned	4,656	1,507	3,742	1,103
Beans, Vegetarian	28,882	6,720	21,672	4,986
Beef, Frozen Ground	84,076	110,259	86,927	112,859
Beef Patties	21,405	25,956	29,008	35,393
Blackberries, Frozen	2,881	1,945	--	--
Blueberries, Frozen	6,045	4,309	--	--
Cherries, Red, Frozen	13,902	6,267	--	--
Chicken, Chilled	10,152	5,646	13,248	6,706
Chicken, Diced	--	--	2,910	6,356
Chicken, Frozen, Cut-Up	49,962	31,862	59,151	34,205
Corn, Canned	16,785	7,390	20,858	6,660
Corn, Frozen	2,433	1,648	17,335	8,409
Date Pieces	3,877	2,341	3,960	2,302
Eggs, Whole, Frozen	7,630	4,627	7,119	4,316
Figs, Dried	1,601	1,233	--	--
Ham, Cooked, Frozen	6,813	10,812	--	--
Luncheon Meat	36	57	--	--
Mixed Fruit, Canned	18,267	8,713	--	--
Orange Juice, Canned	597	212	--	--
Pears, Canned	131	67	--	--
Pears, Fresh	4,648	1,245	4,568	1,500

<u>Item</u>	<u>1990 Actual</u>		<u>1991 Actual</u>	
	<u>Pounds</u>	<u>Obligation</u>	<u>Pounds</u>	<u>Obligations</u>
Peas, Canned	3,357	631	--	--
Peas, Frozen	5,405	2,101	7,662	2,930
Pineapple, Canned, Chunks	4,354	1,865	--	--
Pineapple, Canned, Crushed ...	809	342	--	--
Pineapple, Canned, Tidbits ...	14,290	5,964	6,657	3,249
Plums, Canned	--	--	2,932	1,021
Pollock Nuggets, Frozen	9,371	10,811	--	--
Pork, Canned	1,023	1,391	1,515	2,260
Pork, Frozen, Ground	18,095	19,518	21,893	25,050
Potato Rounds, Frozen	20,230	7,774	42,934	13,031
Potatoes, French Fries	39,354	13,952	30,355	8,842
Potatoes, Sweet, Mashed	958	245	806	305
Potatoes, Sweet, Syrup Pack ..	8,469	2,793	14,728	5,350
Prunes, Dried	6,440	4,389	6,157	5,756
Raisins	9,465	6,425	11,963	6,378
Raspberries, Frozen	874	867	--	--
Raspberries, Puree	--	--	281	237
Salmon, Canned	--	--	5,012	8,355
Tuna, Canned	4,700	6,294	5,573	7,711
Turkey, Chilled	4,659	3,065	5,975	4,078
Turkey, Frozen, Ground	7,099	4,647	7,070	5,237
Turkey, Roast	2,437	3,358	14,738	19,387
Turkey, Whole, Frozen	17,742	12,218	10,991	7,549
Walnuts, English	4,527	6,367	3,482	5,670
Miscellaneous	129	91	--	--
Total	573,731	\$378,658	576,456	\$405,172

Federal Food Specifications:

AMS also develops, coordinates, and approves Federal food product descriptions and establishes quality assurance policies and procedures for the procurement of food by USDA, the Department of Defense, Indian Health Service, National Institutes of Health, Bureau of Prisons, and the Department of Veterans Affairs. The major goal of this program is to update and streamline Federal food specifications to improve the cost efficiency of Federal food purchasing by using Commercial Item Descriptions whenever possible.

Federal Food Specification Workload Data:

	<u>FY 1991</u> <u>Actual</u>	<u>FY 1992</u> <u>Estimate</u>	<u>FY 1993</u> <u>Estimate</u>
Commercial Item Descriptions (CID's) developed, coordinated and approved	11	7	5
CID's revised	9	11	15
Federal Specifications approved	2	2	2
Documents canceled	6	6	3
Department of Defense food documents coordinated	22	22	22
Food product description reviewed	24	13	13
Federal specifications amended	1	2	2

Marketing Agreements and Orders:

The marketing agreements and orders program is authorized by the Agricultural Marketing Agreement Act of 1937. Section 32 funds authorized under 7 U.S.C. 1392b are used by the Department for administering marketing agreement and order programs at the national level and for public hearings and referenda to determine producer sentiment concerning new programs and proposed revisions of marketing orders already in effect. Administration at the local level is financed through handler assessments.

Marketing orders are designed to stabilize market conditions and to improve the returns for fluid milk and fruit and vegetable producers. Stabilized market conditions are accomplished by: (1) establishing minimum prices which handlers pay to dairy producers; and (2) regulating the quality and quantity of fruits and vegetables sold in commercial channels.

The orders are requested by producers and handlers. Evaluations and hearings on proposed marketing orders are conducted by AMS. Proposed orders are subject to approval by producers of the regulated commodity. Once approved, the Secretary issues the marketing order and sets the effective date of the order.

Marketing Agreements and Orders Workload Data:

	Fluid Milk Orders			Fruit, Vegetable and Specialty Crop Orders		
	1991 Actual	1992 Estimate	1993 Estimate	1991 Actual	1992 Estimate	1993 Estimate
Agreement and order programs in effect.....	42	40	37	45	44	46
Requests received for new programs.....	0	0	0	0	1	1
<u>Hearings and Petitions:</u>						
Hearings held to consider amendments to existing orders or the issuance of orders in new areas.....	6	8	8	0	3	4
Amendments issued.....	6	6	8	0	2	2
Suspensions and temporary revisions issued.....	12	15	15	1	1	1
Petitions received for review of orders.....	10	15	15	0	0	0
Petitions disposed of during the year.....	10	15	15	0	0	0
Administrator's decisions issued.....	4	8	8	1	2	3
Secretary's decisions issued.....	6	8	8	1	2	4
Secretary's referendum orders issued.....	3	4	4	7	10	10
Termination orders issued.....	1	5	5	1	1	1

Order Operationand Enforcement:

Regulatory orders issued..	N/A	N/A	N/A	77	115	115
Investigation of alleged violations.....	7	10	10	116	150	190
Cases referred to the Department of Justice for prosecution.....	1	3	3	33	40	40
Court cases resolved.....	1	4	3	8	10	10
15A Petitions received for review.....	2	3	3	4	20	20
15A Petitions disposed of during the year.....	0	4	3	21	20	20
Freedom of Information requests.....	13	15	15	54	60	65

Order Management:

Appointment of an administrative committee.....	N/A	N/A	N/A	63	70	70
Promulgation of committee rule-making..	N/A	N/A	N/A	10	15	15
Budgets approved.....	16	15	15	40	48	50
Committee/Subcommittee meetings attended.....	N/A	N/A	N/A	320	330	350
Nomination meetings attended.....	N/A	N/A	N/A	110	120	120
Million tons regulated...	52.1	52.0	53.6	N/A	N/A	N/A
Percent Grade A marketed.	78	80	80	N/A	N/A	N/A
Value of marketings (million \$).....	12,520	12,763	13,143	N/A	N/A	N/A
Total number of markets	42	40	37	N/A	N/A	N/A
Value of producer deliveries (Million \$).	12,520	12,763	13,143	N/A	N/A	N/A

CooperativeQualifications:

Cooperatives qualified...	177	180	180	N/A	N/A	N/A
Cooperative qualifications terminated.....	4	8	8	N/A	N/A	N/A
Cooperative annual reports reviewed.....	177	180	180	N/A	N/A	N/A

JUSTIFICATION OF INCREASES AND DECREASES
Section 32

- (1) A decrease of \$32,500,000 for emergency surplus removal purchases.
The budget customarily does not anticipate this need in the budget year.
- (2) A decrease of \$1,000,000 for disaster relief. The budget customarily does not anticipate this need in the budget year.
- (3) A net decrease of \$105,000 in administrative expenses consisting of:
 - (a) an increase of \$229,000 consisting of \$133,000 for the annualization of the fiscal year 1992 pay raise and \$96,000 for a portion of the fiscal year 1993 pay raise.

This increase includes \$30,000 to annualize the 1992 pay raise and \$21,000 for the 1993 pay raise for the commodity purchase services program, and \$103,000 to annualize the 1992 pay raise and \$75,000 for the 1993 pay raise for the marketing agreements and orders program.

- (b) a decrease of \$334,000 for FTS 2000 funding.

Funding of \$105,000 for commodity purchase services and \$229,000 for marketing order administration requested in fiscal year 1992 was for one-time costs for conversion to the FTS 2000 system. This funding will not be necessary in fiscal year 1993.

Funds for Strengthening Markets, Income, and Supply
(Section 32)

Summary of Proposed Legislation

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

<u>Item of Change</u>	1993		
	<u>Current Law</u>	<u>Program Changes</u>	<u>President's Request</u>
Commodity Purchases	\$400,000,000	--	\$400,000,000
Sunflower and Cottonseed Oil ...	50,000,000	--	50,000,000
Commodity Purchase Services	6,062,000	--	6,062,000
Marketing Agreements and Orders.	10,309,000	-\$10,309,000	--
Conversion Costs	--	+353,000	353,000
 Total Available	<u>466,371,000</u>	<u>-9,956,000</u>	<u>456,415,000</u>

Federal costs of administering marketing agreements and orders, which help stabilize market prices and supply for certain commodities, are presently funded through the Section 32 appropriation. However, costs of administering marketing agreements and orders at the local level are funded through assessments on regulated handlers.

Since the Federal administrative services are done to directly support the local operations, this proposal would recover Federal costs for administration and economic analyses related to Marketing Agreements and Orders for milk, fruit, vegetables, and certain specialty crops through assessments. The appropriate market administrator or committee will be billed for these costs. Payments received would be credited to the account incurring the Federal administrative costs.

The proposal is estimated to generate savings of \$10,309,000 in 1993. This saving will be offset by one-time conversion costs of \$353,000 to fund leave liability accumulated under the appropriated program that would become an immediate liability to the user fee program. The net savings is \$9,956,000.

Agricultural Marketing Service
Section 32 Administrative Funds
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 AND ESTIMATED 1992 AND 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
California	\$460,600	5	\$610,000	7	\$607,000	7
District of Columbia	11,589,573	137	15,167,000	159	15,068,000	159
Florida	158,941	2	210,000	3	210,000	3
Illinois	77,756	1	103,000	1	102,000	1
Oregon	211,816	2	281,000	3	279,000	3
Texas	79,078	1	105,000	1	105,000	1
Total, Available or Estimate	<u>12,577,764</u>	<u>148</u>	<u>16,476,000</u>	<u>174</u>	<u>16,371,000</u>	<u>174</u>

Sunflower and Cottonseed Oil Purchase
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 AND ESTIMATED 1992 AND 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Undistributed	--	--	^{1/} \$50,000,000	--	^{1/} \$50,000,000	--
Total, Available or Estimate	--	--	^{1/} \$50,000,000	--	^{1/} \$50,000,000	--

1/ Distribution by State cannot be determined.

Disaster Relief
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 AND ESTIMATED 1992 AND 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
California	\$2,471,344	--	\$1,000,000	--	--	--
Federated States of Micronesia	3,171,039	--	--	--	--	--
Total, Available or Estimate	<u>\$5,642,383</u>	<u>--</u>	<u>\$1,000,000</u>	<u>--</u>	<u>--</u>	<u>--</u>

Commodity Purchases
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 AND ESTIMATED 1992 AND 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>
	Amount	Staff- Years	Amount	Staff- Years	Amount Staff- Years
Alabama	\$7,322,262				
Arkansas	4,375,448				
California	48,823,182				
Colorado	1,923,350				
Delaware	292,939				
Florida	748,352				
Georgia	20,067,341				
Idaho	4,241,742				
Illinois	29,491,633				
Indiana	315,629				
Iowa	11,526,728				
Kentucky	8,325,062				
Louisiana	925,817				
Maine	6,232,350				
Maryland	259,310				
Michigan	8,386,648				
Minnesota	20,885,382				
Mississippi	8,514,277				
Missouri	38,190,668				
Nebraska	66,773,499				
New Hampshire	11,345				
New Jersey	8,068,588				
New York	1,518,178				
North Carolina	8,259,829				
Oregon	3,198,425				
Pennsylvania	35,378,777				
Puerto Rico	279,974				
South Carolina	4,052				
South Dakota	774,688				
Tennessee	1,322,480				
Texas	18,582,387				
Utah	1,055,877				
Virginia	3,833,329				
Washington	21,157,658				
Wisconsin	14,104,430				
Undistributed	--	--	\$432,500,000 1/--	\$400,000,000 1/ --	
Total, Available or Estimate	405,171,636	--	432,500,000 1/--	400,000,000 1/ --	

1/ Since contracts for commodity purchases are awarded to the lowest bidder, distribution by State cannot be determined at this time.

FEDERAL GRAIN INSPECTION SERVICE

Purpose Statement

The Federal Grain Inspection Service (FGIS) was established on November 20, 1976, pursuant to the U.S. Grain Standards Act (USGSA), as amended (Public Law 94-582). In 1977, it was amended to provide appropriated funding for field supervision. The Omnibus Budget Reconciliation Act of 1981 amended the USGSA to require user fee funding to support supervision and administration of the inspection and weighing programs previously covered by appropriations. Authority to collect user fees for supervision and administration activities and authority to invest retained earnings in interest-bearing accounts has been extended through September 1993.

The 1981 amendment also established an FGIS Advisory Committee to provide advice to the Administrator of FGIS on the implementation of the USGSA. Programs supporting the Grain Quality Improvement Act (GQIA) of 1986 continue. The Grain Quality Title of the Food, Agriculture, Conservation and Trade Act of 1990 supports continued expansion in this area.

Inspection and weighing programs are also carried out under the authority of the Agricultural Marketing Act of 1946 (AMA), as amended. Programs under the AMA include the inspection and grading of rice, dry beans, lentils, dry peas, processed grain products, hops, and related commodities.

The mission of FGIS is to facilitate the marketing of grain, oilseeds, pulses, rice, and related commodities by: (a) establishing descriptive standards and terms, (b) accurately and consistently certifying quality, (c) providing for uniform official inspection and weighing, (d) carrying out assigned regulatory and service responsibilities, and (e) providing the framework for commodity quality improvement incentives to both domestic and foreign buyers. Through these permissive and mandatory programs, FGIS assists in advancing the orderly and efficient marketing and effective distribution of U.S. grain and other assigned commodities from the Nation's farms to domestic and foreign buyers. FGIS, acting as an impartial third party, assures that the standards are applied and the weights are recorded in a fair and accurate manner, thereby facilitating domestic and foreign grain grading. Activities of the Agency are as follows:

1. Standardization and Quality Control Activities: Functions include developing objective tests and methods for determining grain quality; determining the criteria and recommending specifications for grain inspection instrumentation; maintaining uniform standards for grains and commodities, and developing and maintaining an Agency-wide quality assurance program. Inspection appeals, quality assurance specialist (QAS) technical training, and research and development activities are included in this program area.
2. Compliance Activities: Activities ensure that the Agency operates in conformance with all requirements and procedures established by statute, regulation, instruction, or directive. The program ensures, through reviews, evaluations, and enforcement, if necessary, that the USGSA, and applicable provisions of the AMA, and regulations, procedures, and policies issued thereunder are implemented accurately and effectively.
3. Inspection and Weighing Activities: The USGSA requires: (1) mandatory inspection and weighing services at export ports by FGIS or delegated State agency personnel; and (2) permissive inspection and weighing services at domestic locations by designated State and private agency personnel. The USGSA also requires FGIS to supervise all official inspection and weighing activities. Further, on a request basis, FGIS personnel perform inspection of rice and related commodities under the AMA and provide nationwide appeal inspection services.

The FGIS headquarters is located in Washington, D.C., and Kansas City, Missouri, with field activities located in 26 field offices, 2 Federal/State offices, and 8 suboffices in 22 States and Canada. As of September 30, 1991, FGIS employment totaled 662 full-time permanent employees and 68 part-time temporary and intermittent employees. Of the total, 164 full-time employees and 3 part-time and intermittent employees were located at headquarters while the remaining 498 full-time employees and 65 part-time and intermittent employees were assigned to field locations. The costs of nearly all field services and most headquarters activities are financed from fees charged for services performed. User-fee supported activities accounted for 76 percent of total agency spending in FY 1991. Compliance and standardization activities, international monitoring, and the FGIS Advisory Committee are financed from appropriations.

FEDERAL GRAIN INSPECTION SERVICE

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

Item	1991		1992		1993	
	Actual		Estimated		Estimated	
	:Staff-:		:Staff-:		:Staff-:	
	Amount	Years	Amount	Years	Amount	Years
Salaries and Expenses	\$9,705,874:	153:	\$11,397,000:	140:	\$ 4,694,000:	60
New User Fees.....	- - :	- - :	- - :	- - :	6,888,000:	80
Inspection and Weighing	:	:	:	:	:	:
Services	30,553,892:	580:	40,176,000:	610:	42,784,000:	610
Total, Federal Grain	:	:	:	:	:	:
Inspection Service	40,259,766:	733:	51,573,000:	750:	54,366,000:	750

Full-Time Equivalent Staff-Years:	1991	1992	1993
	<u>Actual</u>	<u>Estimated</u>	<u>Estimated</u>
Ceiling	733	750	750
Non-ceiling	71	163	163
Total	<u>804</u>	<u>913</u>	<u>913</u>

FEDERAL GRAIN INSPECTION SERVICE

Permanent Positions by Grade and Staff-Year Summary1991 and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Head- : quarter:	Field : :	Total : :	Head- : quarter:	Field : :	Total : :	Head- : quarter:	Field : :	Total : :
Executive Level V	1	: --	: 1	1	: --	: 1	1	: --	: 1
ES-5	1	: --	: 1	1	: --	: 1	1	: --	: 1
ES-3	1	: --	: 1	2	: --	: 2	2	: --	: 2
GS/GM-15	2	: --	: 2	2	: --	: 2	2	: --	: 2
GS/GM-14	12	: --	: 12	11	: --	: 11	11	: --	: 11
GS/GM-13	28	: 10	: 38	23	: 10	: 33	23	: 10	: 33
GS-12	24	: 23	: 47	21	: 24	: 45	21	: 24	: 45
GS-11	6	: 86	: 92	6	: 86	: 92	6	: 86	: 92
GS-10	--	: 27	: 27	--	: 27	: 27	--	: 27	: 27
GS-9	14	: 221	: 235	16	: 208	: 224	16	: 208	: 224
GS-8	2	: --	: 2	2	: --	: 2	2	: --	: 2
GS-7	11	: 20	: 31	11	: 20	: 31	11	: 20	: 31
GS-6	22	: 15	: 37	17	: 15	: 32	17	: 15	: 32
GS-5	12	: 135	: 147	7	: 115	: 122	7	: 115	: 122
GS-4	10	: 94	: 104	10	: 94	: 104	10	: 94	: 104
GS-3	--	: 11	: 11	--	: 11	: 11	--	: 11	: 11
GS-2	1	: --	: 1	1	: --	: 1	1	: --	: 1
GS-1	--	: --	: --	--	: --	: --	--	: --	: --
Ungraded Positions.	2	: --	: 2	2	: --	: 2	2	: --	: 2
Total Permanent Positions	149	: 642	: 791	133	: 610	: 743	133	: 610	: 743
Unfilled Positions end-of-year	-18	: -43	: -61	--	: -61	: -61	--	: -61	: -61
Total, Permanent Employment, end-of-year	131	: 599	: 730	133	: 549	: 682	133	: 549	: 682
Staff-Years:									
Ceiling	168	: 565	: 733	133	: 617	: 750	133	: 617	: 750
Non-Ceiling	--	: 71	: 71	--	: 163	: 163	--	: 163	: 163
TOTAL	168	: 636	: 804	133	: 780	: 913	133	: 780	: 913

FEDERAL GRAIN INSPECTION SERVICE

Salaries and Expenses - AppropriationsCLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters	\$3,848,261	\$ 3,791,000	\$ 3,949,000
Field	<u>1,614,371</u>	<u>2,132,000</u>	<u>2,222,000</u>
11 Total personnel compensation	5,462,632	5,923,000	6,171,000
12 Personnel benefits	1,057,380	1,100,000	1,150,000
13 Benefits for former personnel	<u>--</u>	<u>75,000</u>	<u>75,000</u>
Total Personnel Compensation Benefits	<u>6,520,012</u>	<u>7,098,000</u>	<u>7,396,000</u>
Other Objects:			
21 Travel.....	250,113	336,000	336,000
22 Transportation of things...	62,001	42,000	43,000
23.2 Rental payments to others..	54,242	25,000	25,000
23.3 Communications, utilities, and misc. charges.....	297,504	426,000	442,000
24 Printing and reproduction..	22,140	30,000	30,000
25 Other services.....	1,650,529	1,928,000	1,608,000
26 Supplies and materials.....	213,096	502,000	502,000
31 Equipment.....	464,317	1,010,000	1,200,000
Total other objects.....	<u>3,013,942</u>	<u>4,299,000</u>	<u>4,186,000</u>
Total obligations.....	<u>\$9,533,954</u>	<u>\$ 11,397,000</u>	<u>\$ 11,582,000</u>
<u>Position Data:</u>			
Average Salary, ES positions	\$ 99,995	\$103,145	\$106,781
Average Salary, GM/GS positions	\$ 33,890	\$ 35,100	\$ 36,700
Average Grade, GM/GS positions	11.4	11.4	11.4

FEDERAL GRAIN INSPECTION SERVICE

(New language is underscored; deleted matter is enclosed in brackets.)

Salaries and Expenses

For necessary expenses to carry out the provisions of the United States Grain Standards Act, as amended, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, as amended, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$20,000 for employment under 5 U.S.C. 3109, [\$11,397,000] \$ 4,694,000, and in addition the Secretary shall collect and may use up to \$6,888,000 for the full cost associated with standardization activities under such regulations as promulgated by the Secretary of Agriculture: ~~Provided, that this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and~~ improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed 120 per centum of the current replacement value of the building: Provided further that none of the funds provided by this Act may be used to pay the salaries of any person or persons who require, or who authorize payments from fee-supported funds to any person or persons who require nonexport, nonterminal interior elevators to maintain records not involving official inspection or official weighing in the United States under Public Law 94-582 other than those necessary to fulfill the purposes of such Act.

FEDERAL GRAIN INSPECTION SERVICE

SALARIES AND EXPENSES

Appropriations Act, 1992	\$11,397,000
Budget Estimate, 1993:	
Appropriations	\$4,694,000
New User Fees	6,888,000
Total, Budget Estimate, 1993	11,582,000
Increase in Estimate	+ 185,000

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation and user fees)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Compliance Activities	\$ 4,620,000	+\$74,000	0	\$ 4,694,000
Standardization				
Activities:				
Appropriations	6,777,000	+\$111,000	-\$6,888,000	0
New User Fees	--	--	+\$6,888,000	6,888,000
Total Available	<u>\$11,397,000</u>	<u>+\$185,000</u>	0	<u>\$11,582,000</u>

PROJECT STATEMENT
(On basis of appropriation and user fees)

Project	: 1991 Actual	: 1992 Estimated	: Increase	: 1993 Estimated
	: Staff:	: Staff:	: or	: Staff
	: Amount :Years:	: Amount :Years:	: Decrease	: Amount :Years
Compliance	:	:	(1):	:
Activities.....	3,574,986: 66 :	4,620,000: 60 :	+ 74,000:	4,694,000: 60
Standardization :	:	:	:	:
Activities:	:	:	(2):	:
Appropriations..	5,958,842: 87 :	6,777,000: 80 :	-6,777,000:	0 : 0
New User Fees..	: -- :	: -- :	+6,888,000:	6,888,000: 80
Unobligated	:	:	:	:
balance.....	172,046: -- :	:	:	: --
Total, Available:	:	:	:	:
or Estimate....	9,705,874: :	11,397,000: 140 :	+\$ 185,000:	11,582,000: 140
User Fees.....	-- : -- :	-- : -- :	-6,888,000:	-6,888,000: -80
G-R-H Reduction..	126: -- :	-- : -- :	-- :	-- : --
Total,	:	:	:	:
Appropriation..	\$9,706,000: 153 :	\$11,397,000: 140 :	\$-6,703,000:	\$ 4,694,000: 60

EXPLANATION OF PROGRAM

The appropriation "Salaries and Expenses" of the Federal Grain Inspection Service funds the standardization and compliance activities. The activities carried out are as follows:

1. Compliance Activities

The compliance activities ensure the accurate and uniform application of the U.S. Grain Standards Act (USGSA) and the applicable provisions of the Agricultural Marketing Act of 1946 (AMA). Field activities are reviewed to ensure that all procedures are implemented in a manner consistent with agency policy. Compliance activities include the delegation and designation of official agencies, the investigation of violations of the USGSA and AMA including referral of criminal violations to the Office of Inspector General, licensing of official agency personnel, and registering persons/firms engaged in foreign commerce.

Compliance Activities Projected Level of Activity

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Official Agency Actions:			
Agency delegations and designations			
in effect at end of fiscal year	73	72	72
Designations renewed	26	25	25
Designations cancelled	2	1	1
State delegations at export port			
locations in effect at end of fiscal year ..	8	8	8
Registration of Firms Exporting Grain:			
Registration certificates issued	86	90	90
On-site investigations	15	20	20

2. Standardization Activities

FGIS standardization activities aid in the orderly marketing of grains, oilseeds, rice, and related commodities through the development, promulgation, and application of new and revised standards. Activities include the establishment, review, and revision of the standards to reflect the latest inspection techniques and marketing needs; development and evaluation of new instruments and methods to increase accuracy; operation of a nationwide quality control program to assure the integrity of the inspection certificate; and maintaining an international monitoring program which interacts with foreign governments and trade teams to exchange information and respond to complaints concerning quality and quantity of grain shipments.

Standardization Activities Projected Level of Activity

	<u>1991</u>	<u>1992</u>	<u>1993</u>
U.S. Standards in effect at end of year	18	19	19
New and revised standards issued during fiscal			
year	0	7	9
Standards reviews in progress	6	12	15
Standards reviews completed	0	6	9
Inspection techniques developed	11	11	11
Equipment evaluated	3	5	5
Codex standards developed	5	5	5

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$74,000 in compliance activities (\$4,620,000 available in 1992) consisting of:

(a) A total increase of \$63,000 for the annualization of the fiscal year 1992 pay raise and \$11,000 for part of the cost of the fiscal year 1993 pay raise.

(2) An increase of \$111,000 in standardization activities (\$6,777,000 available in 1992) consisting of:

(a) A total increase of \$90,000 for the annualization of the fiscal year 1992 pay raise and \$21,000 for part of the cost of the fiscal year 1993 pay raise.

(b) No net change for standardization (a decrease of \$6,888,000 in appropriated funds offset by an increase of \$6,888,000 in user fees).

Need for Change

The expense for the standardization program, consisting primarily of grain inspection methods development and developing and disseminating new and/or revised standards, should be the responsibility of the beneficiaries of these services, primarily the grain industry.

Nature Of Change

Standardization activities initiated by the Federal Grain Inspection Service support the orderly marketing of grains, oilseeds, rice, and related commodities by conducting grain inspection methods development and developing and disseminating, new and/or revised standards. We propose initiating user fees for these activities and thus recouping this expense from the beneficiaries of these services. These costs will be added to the agency's existing fee structures.

Compliance activities provide oversight to FGIS programs and will continue to be financed through appropriated funds.

Title XX, Grain Quality, of the Food, Agriculture, Conservation, and Trade Act of 1990 (Grain Quality Incentives Act of 1990)

In line with the mandate of this act, FGIS is planning to establish in FY 1993 a Committee on Grain Quality and designated a Grain Quality Coordinator. The purpose of this Committee is to provide information and advice through the Secretary, to the Committee on Agriculture of the House of Representatives and the Committee on agriculture, Nutrition, and Forestry of the Senate on issues of grain quality. This activity will be carried out within funds available to the agency.

Federal Grain Inspection Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	FY 1991		FY 1992		FY 1993	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	\$ 20,232	0	\$ 0	0	\$ 0	0
Arkansas	51,543	1	62,000	1	64,000	1
California	68,553	1	83,000	1	86,000	1
District of Columbia .	2,676,408	38	3,233,000	38	3,354,000	38
Georgia	7,270	0	9,000	0	9,000	0
Idaho	63,188	1	76,000	1	79,000	1
Illinois	245,293	6	296,000	7	307,000	7
Indiana	128,294	3	155,000	4	161,000	4
Iowa	201,842	4	244,000	5	253,000	5
Kansas	240,578	5	291,000	6	302,000	6
Louisiana	179,899	2	217,000	2	225,000	2
Maryland	68,498	1	83,000	1	86,000	1
Michigan	89,519	2	108,000	2	112,000	2
Minnesota	246,424	5	298,000	6	309,000	6
Missouri	4,541,013	72	5,391,000	52	5,352,000	52
Nebraska	172,310	3	208,000	4	216,000	4
North Dakota	96,997	2	117,000	2	121,000	2
Ohio	46,286	1	56,000	1	58,000	1
Oregon	106,896	1	129,000	1	134,000	1
Texas	193,695	4	233,000	5	242,000	5
Washington	89,090	1	108,000	1	112,000	1
Subtotal, Available or Estimate	\$9,533,828	153	\$11,397,000	140	\$11,582,000	140
Unobligated Balance ..	\$ 172,046	--	--	--	--	--
Total, Available or Estimate	\$9,705,874	153	\$11,397,000	140	\$11,582,000	140

(New language is underscored; deleted matter is enclosed in brackets.)

Limitation on Inspection and Weighing Services Expenses

Not to exceed [\$40,176,000] \$42,784,000 (from fees collected) shall be obligated during the current fiscal year for Inspection and Weighing Services: Provided, that, if grain export activities require additional supervision and oversight or other uncontrollable factors occur, this limitation may be exceeded by up to 10 percentum with notification to the appropriations committee.

INSPECTION & WEIGHING SERVICES

Obligations, 1992.....	\$40,176,000
Budget Estimate, 1993.....	42,784,000
Change in Obligations.....	<u>+ 2,608,000</u>

LIMITATION ON INSPECTION AND WEIGHING EXPENSES

Appropriation Act, 1992.....	\$40,176,000
Increase in Limitation.....	+ 2,608,000
Budget Estimates, 1993.....	<u>\$42,784,000</u>

The \$2,608,000 increase in the limitation on inspection and weighing expenses is established to underwrite the forecasted increase in FY 1993 export grain volume. It has been FGIS' experience that our income and expenses are closely correlated with grain export volume. FGIS is responsible for inspecting and weighing all U.S. exported grain. In addition to inspecting and weighing the grain at the export locations, we experience frequent calls on our inspection and weighing services as the grain is assembled and shipped from the interior to the export locations. In addition, we estimate that we will experience increased demand for our services in inspecting and check weighing processed commodities under the AMA Act of 1946.

If we are not able to increase the limitation on inspection and weighing we would have to begin denying service when we reach our limitation. The increased limitation will allow for uninterrupted inspection service in FY 1993.

Project	: 1991 Actual	: 1992 Estimated	: Increase	: 1993 Estimated
	: Staff:	: Staff:	or	: Staff
	: Amount	: Years: Amount	: Decrease	: Amount
	:	:	:	:
Inspect/Weigh	:	:	:	:
Activities.....	30,553,892:	580:40,176,000:	639:+ 2,608,000:	42,784,000: 610
Unobligated Bal	:	:	:	:
Avail Start Period..	-10,409,437:	-- : -9,559,768:	-- :	-9,559,768: --
	:	:	:	:
Unobligated Bal	:	:	:	:
Avail End Period...	9,559,768:	-- : 9,559,768:	-- :	9,559,768: --
Collections.....	29,704,223:	580:40,176,000:	639:+ 2,608,000:	42,784,000: 610

EXPLANATION OF PROGRAM

The Federal Grain Inspection Service (FGIS) provides an official grain inspection and weighing system under the U.S. Grain Standards Act (USGSA), as amended, and official inspection of rice and grain related products under the Agricultural Marketing Act of 1946 (AMA), as amended. The USGSA was reauthorized in 1988 permitting FGIS to continue to collect user fees to fund the costs associated with the operation, supervision, and administration of Federal grain inspection and weighing activities.

Fees collected under the USGSA and the AMA pay the expenses of the following programs:

1. Inspection Activities

	<u>Projected Level of Activity</u>		
	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Quality of Grain Officially Inspected (million metric tons)			
For Export by Federal Personnel.....	77.4	76.8	81.2
by Delegated State Personnel..	17.5	16.9	18.3
Domestically.....	159.9	160.0	160.0
Total.....	254.8	253.7	259.5
Number of Inspection and Reinspections.....			
By Federal Personnel.....	154,742	155,000	155,000
By Delegated State/Official Agency Licensees.....	2,267,993	2,270,000	2,270,000
<u>Number of Grain Appeals</u>			
By Field Offices.....	6,000	6,000	6,000
By the Board of Appeals and Review.....	469	499	496
Quantity of Rice Inspected (million metric tons).....	3.1	3.1	3.1
Quantity of Rice Exports (million metric tons).....	2.4	2.2	2.4

2. Weighing Activities

	<u>Projected Level of Activity</u>		
	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Export Grain Weighed (million metric tons)			
By Federal Personnel	75.5	74.9	79.3
By Delegated State Personnel	17.5	16.9	18.3

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993
INSPECTION & WEIGHING

	<u>FY 1991</u>		<u>FY 1992</u>		<u>FY 1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Alabama	\$ 320,738	7	\$ 0	7	\$ 0	7
Arkansas	1,614,938	41	2,152,000	45	2,292,000	45
California	67,261	1	90,000	1	96,000	1
District of Columbia .	6,228,872	46	8,299,000	54	8,838,000	54
Georgia	183,201	5	244,000	5	260,000	5
Idaho	216,736	5	289,000	5	308,000	5
Illinois	892,013	17	1,188,000	21	1,265,000	21
Indiana	190,901	4	254,000	4	270,000	4
Iowa	246,049	4	328,000	4	349,000	4
Kansas	438,344	7	584,000	7	622,000	7
Louisiana	8,793,750	193	11,717,000	195	12,477,000	195
Maryland	1,914,087	43	2,550,000	46	2,716,000	46
Michigan	204,131	5	272,000	5	290,000	5
Minnesota	340,557	6	454,000	6	483,000	6
Mississippi	90	0	0	0	0	0
Missouri	437,328	11	528,000	11	562,000	11
Nebraska	346,161	5	461,000	5	491,000	5
North Dakota	176,247	5	235,000	5	250,000	5
Ohio	623,023	15	830,000	14	884,000	14
Oregon	2,476,036	61	3,299,000	70	3,513,000	70
Tennessee	14	0	0	0	0	0
Texas	4,487,321	95	5,932,000	96	6,317,000	96
Virginia	50	0	0	0	0	0
Washington	99,546	2	133,000	2	142,000	2
Total States	30,297,394	578	39,839,000	608	42,425,000	608
Canada	256,498	2	337,000	2	359,000	2
Total, Available or Estimate	30,553,892	580	40,176,000	610	42,784,000	610

FEDERAL GRAIN INSPECTION SERVICE

PASSENGER MOTOR VEHICLES

The passenger motor vehicle of the Federal Grain Inspection Service is used (where a common carrier or GSA vehicles is not feasible) for necessary field travel in carrying out the mission of the agency. This passenger motor vehicle is located at the Kansas City Technical Center.

Age and mileage data for motor vehicles on hand as of September 30, 1991, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage (thousands)</u>	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1987	1	100	58	1	100

STANDARD SPECIFICATIONS FOR
VEHICLES

1961

The present motor vehicle of the type described in the
specifications is not a motor vehicle as defined in the
Vehicle Code, Chapter 17, Article 1, Section 17-101, which
defines a motor vehicle as a vehicle propelled by a motor.

Accordingly, the present motor vehicle is not a motor vehicle
as defined in the Vehicle Code, Chapter 17, Article 1, Section 17-101.

The present motor vehicle is not a motor vehicle as defined in the
Vehicle Code, Chapter 17, Article 1, Section 17-101, which
defines a motor vehicle as a vehicle propelled by a motor.

The present motor vehicle is not a motor vehicle as defined in the
Vehicle Code, Chapter 17, Article 1, Section 17-101, which
defines a motor vehicle as a vehicle propelled by a motor.

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defines a motor vehicle as a vehicle propelled by a motor.

The present motor vehicle is not a motor vehicle as defined in the
Vehicle Code, Chapter 17, Article 1, Section 17-101, which
defines a motor vehicle as a vehicle propelled by a motor.

AGRICULTURAL COOPERATIVE SERVICE

Purpose Statement

The Agricultural Cooperative Service (ACS) is assigned functions under both the Cooperative Marketing Act of 1926 and under the Agricultural Marketing Act of 1946. Under the Cooperative Marketing Act, ACS is authorized to: (1) acquire, analyze, and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries; (2) conduct studies of economic, legal, financial, social, and other phases of cooperation, including analyses of cooperative associations; (3) make surveys and analyses of the accounts and business practices of representative cooperative associations; (4) confer and advise with committees or groups of producers who want to form a cooperative association and to make an economic analysis of the facts relevant to setting up such an association; (5) promote the knowledge of cooperative principles and practices and cooperate in promoting such knowledge to others; and (6) make special studies to acquire and disseminate such information.

Under the Agricultural Marketing Act of 1946, ACS is authorized to carry out responsibilities which relate to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings. In addition, ACS is authorized to work with institutions and international organizations on subjects relating to cooperatives.

ACS serves as the focal point of national activity involving agricultural cooperatives. The purpose of ACS is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives.

The studies conducted by ACS, alone or in conjunction with other Federal or State institutions, are intended to provide farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity. In today's rapidly changing economic environment, ACS provides technical advice to assist farmer cooperatives in the development and operation of viable profitable organizations serving the nation's family farmers.

ACS is headquartered in Washington, DC, with 3 field offices located in Hilo, Hawaii; Columbus, Ohio; and Raleigh, North Carolina. As of September 30, 1991, ACS employed 65 permanent full-time and 2 part-time personnel, 64 of whom were located in headquarters and 3 in the field offices.

AGRICULTURAL COOPERATIVE SERVICE

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

Item	1991 Actual		1992 Estimated		1993 Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Salaries and Expenses....	\$4,863,937	69	\$5,640,000	69	\$4,852,000	63
New User Fees	--	--	--	--	450,000	6
Total, Agricultural Cooperative Service.....	\$4,863,937	69	\$5,640,000	69	\$5,302,000	69

Full-time Equivalent
Staff-Years:Ceiling.....
Non-Ceiling.....

Total.....

<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>1993 Estimated</u>
69	69	69
2	4	4
71	73	73

AGRICULTURAL COOPERATIVE SERVICE

Permanent Positions by Grade and Staff-Year Summary1991 and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Headquarter	Field	Total	Headquarter	Field	Total	Headquarter	Field	Total
ES-5	1	-	1	1	-	1	1	-	1
GS/GM-15	5	-	5	5	-	5	5	-	5
GS/GM-14	13	-	13	14	-	14	14	-	14
GS/GM-13	13	1	14	13	-	13	13	1	14
GS-12	10	2	12	10	3	13	10	2	12
GS-11	5	-	5	5	-	5	5	-	5
GS-09	4	-	4	4	-	4	4	-	4
GS-07	8	-	8	8	-	8	8	-	8
GS-06	3	-	3	3	-	3	3	-	3
GS-05	1	-	1	1	-	1	1	-	1
Other Graded Positions.....	1	-	1	1	-	1	1	-	1
Ungraded Positions	1	-	1	1	-	1	1	-	1
Total Permanent Positions	65	3	68	66	3	69	66	3	69
Unfilled Positions End-of-Year.....	-3	-	-3	-	-	-	-	-	-
Total, Permanent Employment, End-of-Year.....	62	3	65	66	3	69	66	3	69
Staff-Years:									
Ceiling.....	66	3	69	66	3	69	66	3	69
Non-Ceiling.....	2	-	2	4	-	4	4	-	4
TOTAL.....	68	3	71	70	3	73	70	3	73

AGRICULTURAL COOPERATIVE SERVICE

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters.....	\$3,049,306	\$3,219,000	\$3,444,000
Field.....	<u>76,723</u>	<u>106,000</u>	<u>100,000</u>
11 Total personnel compensation.....	3,126,029	3,325,000	3,544,000
12 Personnel benefits.....	581,933	606,000	643,000
13 Benefits for former personnel.....	<u>5,234</u>	<u>6,000</u>	<u>5,000</u>
Total personnel compensation and benefits.....	<u>3,713,196</u>	<u>3,937,000</u>	<u>4,192,000</u>
Other Objects:			
21 Travel.....	173,744	210,000	184,000
22 Transportation of things	1,832	8,000	2,000
23.2 Rental payments to others.....	3,834	4,000	4,000
23.3 Communications, utilities, and miscellaneous charges.....	153,335	221,000	163,000
24 Printing and reproduction	192,581	150,000	200,000
25 Other services.....	362,814	890,000	380,000
26 Supplies and material...	65,198	70,000	70,000
31 Equipment.....	<u>102,373</u>	<u>150,000</u>	<u>107,000</u>
Total other objects.....	<u>1,055,711</u>	<u>1,703,000</u>	<u>1,110,000</u>
Total direct obligations.....	<u>4,768,907</u>	<u>5,640,000</u>	<u>5,302,000</u>

Position Data:

Average Salary, ES positions.....	\$104,600	\$108,993	\$113,026
Average Salary, GM/GS positions.....	\$50,825	\$53,915	\$55,802
Average Grade, GM/GS positions.....	11.61	11.61	11.61

AGRICULTURAL COOPERATIVE SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses

- For necessary expenses to carry out the Cooperative Marketing Act of July 2, 1926 (7 U.S.C. 451-457), and for activities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and for activities with institutions or organizations throughout the world concerning the development and operation of agricultural cooperatives (7 U.S.C. 3291), [~~\$5,640,000~~]
- 1 ~~\$4,852,000, and in addition the Secretary shall collect and may use up to \$450,000 for the full cost of technical assistance provided to cooperatives under such regulations as promulgated by the Secretary of Agriculture:~~
- 2 ~~Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$15,000 shall be available for employment under 5 U.S.C. 3109[:].~~ [Provided further, That \$99,000 of these funds shall be available for a field office in Hawaii.] (7 U.S.C. 451-457, 1621-1627, 2225, 3291; Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1992.)

The first change in the language is for the addition of a provision which proposes the shift of the funding source for technical assistance provided to larger cooperatives from appropriations to user fees. Costs for technical assistance for cooperatives with annual revenues of \$1.0 million or more will be charged user fees for service. Such user fees will account for \$450,000 of the Agricultural Cooperative Service's FY 1993 Budget.

The second change in the language is for the deletion of a provision setting aside \$99,000 for maintaining a field office in Hawaii. The Department believes that such restrictive language should not be placed in the appropriations act. The Hilo, Hawaii office remains a fully functional office but the level of funding should depend on the overall needs of the Agency. The Agency remains committed to fully staff and maintain the Hilo office in FY 1993.

SALARIES AND EXPENSES

Appropriations Act, 1992.....	\$5,640,000
Budget Estimate, 1993:	
Appropriation.....	\$4,852,000
New User Fees.....	450,000
Total, Budget Estimate, 1993.....	<u>5,302,000</u>
Decrease in Estimate.....	<u>-338,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriations and user fees)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Research on agricultural cooperatives.....	\$3,518,000	+\$79,000	-\$500,000	\$3,097,000
Technical assistance to agricultural cooperatives:				
Appropriation.....	2,122,000	+83,000	-450,000	1,755,000
New User Fees.....	<u>--</u>	<u>--</u>	<u>+450,000</u>	<u>450,000</u>
Total Available.....	<u>5,640,000</u>	<u>+162,000</u>	<u>-500,000</u>	<u>5,302,000</u>

PROJECT STATEMENT
(On basis of appropriations and user fees)

PROJECT	1991 Actual	1992 Estimated	Increase	1993 Estimated
	Amount	Staff- Years	or Decrease	Staff- Years
1. Research on agricultural cooperatives	\$2,813,655	36	(1) -\$421,000	\$3,097,000 36
2. Technical assistance to agricultural cooperatives:				
Appropriated	1,955,252	33	(2) -367,000	1,755,000 27
User Fees	--	--	+450,000	450,000 6
Unobligated balance.....	95,030	--	--	--
Total, Available:	4,863,937	69	-338,000	5,302,000 69
User Fees.....	--	--	-450,000	-450,000 --
G-R-H Reduction	63	--	--	--
Total, Appropriation..	\$4,864,000	69	-\$788,000	\$4,852,000 69

EXPLANATION OF PROGRAM

The Agricultural Cooperative Service (ACS) serves as the national focal point and storehouse for information about agricultural cooperatives. The major missions of the agency include research on cooperative problems and issues, providing technical assistance and advice to existing and newly emerging cooperative associations, collection and dissemination of cooperative statistics, and preparation and distribution of educational materials on cooperatives.

The Agency's research program includes studies of economic, financial, organizational, managerial, legal, social and policy related issues that affect cooperatives. Studies may be specific to a single commodity or group of commodities or may focus on specific functions which cut across commodity and service lines for cooperatives that market farm products, purchase production supplies, or perform related services.

Technical assistance is provided in response to requests, usually from cooperative boards of directors or organizational steering committees who may represent small groups or thousands of farmers. Types of technical assistance provided by ACS include feasibility analysis, merger and other organizational studies, strategic assessment and planning, and review of operations and performance of the range of cooperative activities. Feasibility analysis and organizational and educational assistance are provided for newly emerging cooperatives. ACS provides technical assistance for farmers and their cooperatives in most commodity and functional areas of cooperative operations.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease of \$421,000 for research on agricultural cooperatives (\$3,518,000 available in FY 1992), consisting of:
- (a) An increase of \$79,000 for pay costs which consists of \$27,000 for the annualization of the Fiscal Year 1992 pay raise and \$52,000 for the Fiscal Year 1993 pay raise.
- (b) A program decrease of \$500,000 for cooperative agreements with universities.

Need for Change. In FY 1993, the Agency will focus exclusively on an in-house research program. The research which is conducted by ACS provides farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity.

Nature of Change. ACS will fund and concentrate on in-house research activities for FY 1993.

- (2) A net increase of \$83,000 for technical assistance to agricultural cooperatives, (a decrease of \$367,000 in appropriations offset by an increase of \$450,000 in user fees).

Need for Change. ACS provides technical assistance for cooperatives in most commodity and functional areas of cooperative operations. The agricultural cooperatives are the direct beneficiaries of this service. The majority of the beneficiaries are small or newly emerging cooperatives, however some of the larger beneficiaries have the financial standing to reimburse the Agency for the services provided.

Nature of Change. This proposal would shift the funding source of technical assistance provided to larger cooperatives from appropriation to user fees. Costs for technical assistance for cooperatives with annual revenues of \$1 million or more will be charged user fees for services.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 ACTUAL AND ESTIMATED 1992 AND 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
Wash., D.C.....	\$4,616,347	66	\$5,455,000	66	\$5,110,000	66
Hawaii.....	66,914	1	70,000	1	73,000	1
North Carolina...	26,843	1	55,000	1	57,000	1
Ohio.....	<u>58,803</u>	<u>1</u>	<u>60,000</u>	<u>1</u>	<u>62,000</u>	<u>1</u>
Subtotal, available or estimate.....	\$4,768,907	69	\$5,640,000	69	\$5,302,000	69
Unobligated balance	<u>95,030</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Available or estimate.....	<u>4,863,937</u>	<u>69</u>	<u>5,640,000</u>	<u>69</u>	<u>5,302,000</u>	<u>69</u>

PACKERS AND STOCKYARDS ADMINISTRATION

Purpose Statement

The Packers and Stockyards Administration was reestablished by Secretary's Memorandum No. 1000-1, of June 17, 1981. The Agency administers the Packers and Stockyards Act of 1921, as amended, and carries out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for pre-notification of security interests against farm products. The Agency also has responsibility with respect to persons and firms subject to the Packers and Stockyards Act for the Truth-in-Lending Act, the Fair Credit Reporting Act and the Freedom of Information Act.

The principal purpose of the Packers and Stockyards Administration programs is to assure the integrity of the livestock, meat, and poultry markets and the market place. This includes fostering fair and open competition and guarding against deceptive and fraudulent practices which affect the movement and price of meat animals and the products therefrom. The work of the Agency is also aimed at protecting consumers and members of the livestock, meat and poultry industries against unfair business practices which can unduly affect meat and poultry distribution and prices.

The Food Security Act of 1985 permits the States to establish "central filing systems" for the purpose of pre-notifying buyers, commission merchants, and selling agents of security interests against "farm products". It is the responsibility of the Packers and Stockyards Administration to issue regulations and to certify those systems which meet the criteria set forth in the statute.

Headquarters of the Agency is located in Washington, D.C., with 12 regional offices located in Atlanta, Georgia; Bedford, Virginia; Denver, Colorado; Fort Worth, Texas; Indianapolis, Indiana; Kansas City, Kansas; Lancaster, Pennsylvania; Memphis, Tennessee; Omaha, Nebraska; Portland, Oregon; Sacramento, California; and South St. Paul, Minnesota. As of September 30, 1991, there were 182 full-time permanent and 3 other employees. Of the total, 49 full-time employees worked in the Headquarters office; 133 full-time employees and 3 other employees worked in the regional offices.

PACKERS AND STOCKYARDS ADMINISTRATION

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

Item	:	1991	:	1992	:	1993
	:	Actual	:	Estimated	:	Estimated
	:	Amount	:Staff- :Years	Amount	:Staff- :Years	Amount
Packers and Stockyards Administration	:		:		:	
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Full-time Equivalent Staff-Years:	1991 <u>Actual</u>	1992 <u>Estimated</u>	1993 <u>Estimated</u>
Ceiling	190	191	191
Non-Ceiling	--	--	--
Total	<u>190</u>	<u>191</u>	<u>191</u>

PACKERS AND STOCKYARDS ADMINISTRATION
Permanent Positions by Grade and Staff-Year Summary

1991 Actual and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
ES-5	1	--	1	1	--	1	1	--	1
ES-4	1	--	1	1	--	1	1	--	1
GS/GM-15	4	--	4	3	--	3	3	--	3
GS/GM-14	7	--	7	7	--	7	7	--	7
GS/GM-13	17	12	29	15	12	27	15	12	27
GS-12	5	40	45	4	42	46	4	43	47
GS-11	1	44	45	2	37	39	2	36	38
GS-10	1	--	1	1	--	1	1	--	1
GS-9	2	10	12	2	8	10	2	9	11
GS-8	--	--	--	--	--	--	--	--	--
GS-7	3	15	18	4	22	26	4	21	25
GS-6	5	10	15	3	6	9	3	6	9
GS-5	2	4	6	3	8	11	3	8	11
GS-4	1	3	4	--	8	8	--	9	9
GS-3	--	--	--	--	2	2	--	1	1
GS-2	--	--	--	--	--	--	--	--	--
Other Graded Positions	--	--	--	--	--	--	--	--	--
Ungraded Positions:	--	--	--	--	--	--	--	--	--
Total Permanent Positions	50	138	188	46	145	191	46	145	191
Unfilled Positions: end-of-year	-5	-1	-6	--	--	--	--	--	--
Total, Permanent Employment, end- of-year	45	137	182	46	145	191	46	145	191
Staff Years:									
Ceiling	45	145	190	46	145	191	46	145	191
Non-Ceiling	0	0	0	0	0	0	0	0	0
TOTAL	45	145	190	46	145	191	46	145	191

PACKERS AND STOCKYARDS ADMINISTRATION

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters	\$2,140,166	\$2,357,913	\$2,507,314
Field	<u>4,856,489</u>	<u>5,178,087</u>	<u>5,393,686</u>
11 Total personnel compensation	6,996,655	7,536,000	7,901,000
12 Personnel benefits .	<u>1,445,804</u>	<u>1,495,000</u>	<u>1,567,000</u>
Total Personnel Comp. and Benefits	<u>8,442,459</u>	<u>9,031,000</u>	<u>9,468,000</u>
Other Objects:			
21 Travel	523,317	621,000	651,000
22 Transportation of things	23,658	26,000	28,000
23.2 Rental payments to others	137,113	194,000	204,000
23.3 Communications, utilities, and misc. charges	359,373	442,000	463,000
24 Printing and reproduction	26,566	34,000	35,000
25 Other services	579,688	907,000	584,000
26 Supplies and materials	133,653	79,000	82,000
31 Equipment	438,642	675,000	708,000
42 Insurance claims & Indemnity	2,499	--	--
43 Interest & dividends	<u>8,754</u>	<u>--</u>	<u>--</u>
Total other objects	<u>2,233,263</u>	<u>2,978,000</u>	<u>2,755,000</u>
Total direct obligations	<u>10,675,722</u>	<u>12,009,000</u>	<u>12,223,000</u>

Position Data:

Average Salary, ES positions	\$102,550	\$106,150	\$110,078
Average Salary, GM/GS positions	\$35,575	\$36,483	\$37,653
Average Grade, GM/GS positions	10.39	10.40	10.42

PACKERS AND STOCKYARDS ADMINISTRATION

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Packers and Stockyards Administration:

For necessary expenses for administration of the Packers and Stockyards Act, as authorized by law, and for certifying procedures used to protect purchasers of farm products, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$5,000 for employment under 5 U.S.C. 3109, [\$12,009,000] \$12,223,000.

SALARIES AND EXPENSES

Appropriations Act, 1992	\$12,009,000
Budget Estimate, 1993	<u>12,223,000</u>
Increase in Appropriation	<u>+214,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Administration of the Packers and Stockyards Act	<u>\$12,009,000</u>	<u>+\$227,000</u>	<u>-\$13,000</u>	<u>\$12,223,000</u>

PROJECT STATEMENT
(On basis appropriation)

	<u>1991 Actual</u>		<u>1992 Estimated</u>			<u>1993 Estimated</u>	
	Amount	Staff- Years	Amount	Staff- Years	Increase or Decrease	Amount	Staff- Years
1. Administration: of the Packers: and Stockyards: Act	\$10,675,583	190	\$12,009,000	191	+\$214,000	\$12,223,000	191
Unobligated balance	11,278	--	--	--	--	--	--
Total available or estimate	10,686,861	190	\$12,009,000	191	(1) \$214,000	\$12,223,000	191
G-R-H Reduction	139	--					
Total, Appropriation ..	<u>\$10,687,000</u>	<u>190</u>					

EXPLANATION OF PROGRAM

The Packers and Stockyards Administration (P&SA) administers the Packers and Stockyards (P&S) Act (7 U.S.C. 181-229). The Agency also carries out the Secretary's responsibilities under Section 1324 of the Food Security Act of 1985 covering "central filing systems" established by States for pre-notification of security interests against farm products. In addition, the Agency administers the Truth-in-Lending Act (15 U.S.C. 1601 et seq); the Fair Credit Reporting Act (15 U.S.C. 1681 et seq); and the Freedom of Information Act (5 U.S.C. 552) as these statutes apply to persons and firms subject to the P&S Act. Agency programs are designed to assure the integrity of the livestock, meat and poultry markets and the marketplace. Other functions of the Agency include assuring prompt payment to producers for livestock and poultry, and assuring nondiscriminatory marketing charges and accurate weights. The Agency's programs also include protecting consumers from unfair business practices in the marketing of meat.

	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>1993 Estimated</u>
Investigations	2,308	2,400	2,400
Market Agencies/Dealers Registered	9,697	9,725	9,725
Stockyards Posted	1,614	1,610	1,610
Slaughtering and Processing Packers Subject to the Act (estimated)	6,500	6,500	6,500
Distributors, Brokers, and Dealers Subject to the Act (estimated)	6,900	6,900	6,900
Poultry Operations Subject to the Act	275	275	275

The wholesale value of livestock, meat, and poultry subject to the Act is \$88 billion each year.

The principal activities carried out in administering the Act are:

- Investigating trade practices of packers, market agencies, and dealers to detect fraudulent transactions and to guard against unfair trade practices detrimental to producers and the industry.
- Investigating packer meat merchandising and chain store buying in order to maintain prices established by fair and competitive marketing practices.
- Investigating the financial condition and payment practices of market agencies, dealers, and packers subject to the Act to determine if they are financially sound and capable of meeting their obligations.
- Maintaining the integrity of the statutory trust for cash sellers of livestock and poultry.
- Surveillance of marketing at public markets and geographical area markets to foster and maintain fair and effective competition and avoid conflicts of interest.
- Obtaining adequate surety bonds from auction operators, commission firms, dealers, and packers (purchasing more than \$500,000 of livestock annually) to assure payment for livestock purchased.
- Investigating poultry marketing practices to identify and correct those which are injurious to producers and operators in the industry.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of \$214,000 consisting of :

- (a) an increase of \$227,000 for pay costs consisting of \$201,000 for the annualization of the fiscal year 1992 pay raise and \$26,000 for the partial fiscal year 1993 pay raise.
- (b) an increase of \$637,000 for funds to continue surveillance of the care and handling of livestock.

Need for Change. Due to concern about the handling of downed animals at stockyards, the Agency has initiated a program to review the handling practices, services, and facilities at stockyards. In order to meet these concerns, a program was initiated to: (1) determine whether the procedures and practices for the care and handling of livestock at stockyards are just and reasonable; (2) determine whether the stockyard services and facilities are adequate to minimize the risk of bruising and injury and to prevent unnecessary suffering; and (3) establish communications and cooperation with state and local officials that have jurisdiction over the care and humane treatment of livestock.

Nature for Change. Funds will be used to continue a routine surveillance program to review the handling practices, services, and facilities at stockyards to meet the program objectives mentioned above.

- (c) a decrease of \$650,000 for meat packer concentration study.

Need for Change. In fiscal year 1992, Congress provided additional funds for a study of meat packer concentration. This study is currently being carried out. No additional resource requirements are anticipated at this time.

Nature of Change. The Agency is developing and conducting a study of packer concentration in fiscal year 1992. The results of the study will be analyzed and reported to Congress.

Packers and Stockyards Administration
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 Estimated 1992 and 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff-</u> <u>Years</u>	<u>Amount</u>	<u>Staff-</u> <u>Years</u>	<u>Amount</u>	<u>Staff-</u> <u>Years</u>
California	511,314	11	575,171	12	585,421	12
Colorado	504,386	10	567,378	10	577,489	10
District of Columbia	3,774,758	50	4,246,340	50	4,322,008	50
Georgia	549,838	12	618,507	12	629,528	12
Indiana	592,061	13	666,003	13	677,871	13
Kansas	638,123	13	717,817	13	730,609	13
Minnesota	531,752	12	598,162	12	608,821	12
Nebraska	615,051	12	691,864	12	704,193	12
Oregon	543,267	11	611,115	11	622,005	11
Pennsylvania	645,000	13	725,553	13	738,483	13
Tennessee	606,679	12	682,446	12	694,608	12
Texas	615,452	11	692,315	11	704,652	11
Virginia	547,902	10	616,329	10	627,312	10
Subtotal, Available or Estimate	<u>10,675,583</u>	<u>190</u>	<u>12,009,000</u>	<u>191</u>	<u>12,223,000</u>	<u>191</u>
Unobligated balance	<u>11,278</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Available or Estimate	<u>10,686,861</u>	<u>190</u>	<u>12,009,000</u>	<u>191</u>	<u>12,223,000</u>	<u>191</u>

FOOD SAFETY AND INSPECTION SERVICE

Purpose Statement

The Food Safety and Inspection Service was established on June 17, 1981, by Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201).

The major objective of the Agency is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act.

The Meat and Poultry Inspection Program of the Food Safety and Inspection Service provides inplant inspection of all domestic establishments preparing meat or poultry products for sale or distribution in commerce; reviews foreign inspection systems and establishments that prepare meat or poultry products for export to the United States; and provides technical and financial assistance to States which maintain meat and poultry inspection programs equal to the Federal inspection program.

During 1991, the Agency maintained central offices in the Washington metropolitan area, five regional offices, 26 area offices, and a nationwide network of inspectors in approximately 6,600 establishments (including official import facilities) in 50 States, Puerto Rico, American Samoa, Guam, and the Virgin Islands. Much of the work is conducted in cooperation with Federal, State and municipal agencies, as well as private industry. As of September 30, 1991, the Agency employment totaled 9,057 permanent full-time employees and 957 other employees. Of these, 714 permanent full-time employees and 77 other employees were located in the central offices, and 462 permanent full-time employees and 15 other employees were in area and regional offices. The balance of 7,881 permanent full-time employees and 865 other employees were in field locations.

FOOD SAFETY AND INSPECTION SERVICE

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

Item	1991 Actual	Staff- Years	1992 Estimated	Staff- Years	1993 Estimated	Staff- Years
Salaries and Expenses:	\$448,876,165	9,286	\$473,512,000	9,305	\$450,967,000	8,319
Obligations under other USDA appropriations:						
APHIS for blood samples (MPI) ...	945,708	--	1,000,000	--	1,000,000	--
Total, Agriculture Appropriations	449,821,873	9,286	474,512,000	9,305	451,967,000	8,319
Non-Federal Funds:						
Reimbursements for Meat and Poultry Inspection	53,957,763	220	56,000,000	220	108,954,000	1,254
Trust Funds for Meat and Poultry Inspection	1,514,814	27	1,600,000	27	1,800,000	27
Total, Non-Federal Funds ..	55,472,577	247	57,600,000	247	110,754,000	1,281
Total, Food Safety and Inspection Service :	505,294,450	9,533	532,112,000	9,552	562,721,000	9,600

Full-Time Equivalent Staff-Years:	1991 Actual	1992 Estimated	1993 Estimated
Ceiling	9,533	9,552	9,600
Non-ceiling	1,004	1,032	1,032
Total	10,537	10,584	10,632

FOOD SAFETY AND INSPECTION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1991 and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Head- quarter:	: Field	: Total	Head- quarter:	: Field	: Total	Head- quarter:	: Field	: Total
ES-6	1	:	0	1	2	:	0	:	2
ES-5	10	:	1	11	10	:	1	:	11
ES-4	5	:	3	8	5	:	3	:	8
ES-3	2	:	1	3	2	:	1	:	3
ES-2	0	:	0	0	0	:	0	:	0
ES-1	0	:	0	0	0	:	0	:	0
	:	:	:	:	:	:	:	:	:
GS/GM-15	37	:	9	46	37	:	9	:	46
GS/GM-14	102	:	49	151	102	:	49	:	151
GS/GM-13	193	:	264	457	193	:	265	:	458
GS-12	91	:	882	973	91	:	882	:	973
GS-11	53	:	525	578	53	:	526	:	579
GS-10	1	:	147	148	1	:	147	:	148
GS-9	31	:	2,315	2,346	31	:	2,330	:	2,361
GS-8	6	:	1,170	1,176	6	:	1,170	:	1,176
GS-7	69	:	3,045	3,114	69	:	3,055	:	3,124
GS-6	53	:	53	106	53	:	53	:	106
GS-5	58	:	428	486	58	:	428	:	486
GS-4	23	:	99	122	23	:	99	:	122
GS-3	2	:	14	16	2	:	14	:	16
GS-2	1	:	1	2	1	:	1	:	2
Ungraded Positions	:	:	:	:	:	:	:	:	:
	4	:	17	21	4	:	17	:	21
Total, Permanent Positions	742	:	9,023	9,765	743	:	9,050	:	9,793
Unfilled Positions, end-of-year ..	-32	:	-656	-688	-32	:	-656	:	-688
Total Permanent Employment, end-of-year ..	710	:	8,367	9,077	711	:	8,394	:	9,105
Staff Years:	:	:	:	:	:	:	:	:	:
Ceiling	789	:	8,744	9,533	793	:	8,759	:	9,552
Non-Ceiling ..	2	:	1,002	1,004	2	:	1,030	:	1,032
Total	791	:	9,746	10,537	795	:	9,789	:	10,584
	798	:	9,834	10,632		:		:	

FOOD SAFETY AND INSPECTION SERVICE

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters	\$30,552,850	\$32,632,000	\$33,980,000
Field	<u>258,049,172</u>	<u>275,608,000</u>	<u>286,995,000</u>
11 Total personnel compensation .	288,602,022	308,240,000	320,975,000
12 Personnel benefits	67,902,013	72,522,000	75,541,000
13 Benefits for former personnel	<u>1,472,511</u>	<u>1,573,000</u>	<u>1,573,000</u>
Total personnel compensation .			
and benefits	357,976,546	382,335,000	398,089,000
Other Objects:			
21 Travel	19,480,527	19,481,000	19,881,000
22 Transportation of things	1,386,641	1,387,000	1,387,000
23 Communications, utilities			
and miscellaneous charges	7,750,264	7,750,000	7,750,000
24 Printing and reproduction	1,412,812	1,413,000	1,413,000
25 Other services	16,113,376	16,113,000	28,413,000
26 Supplies and materials	3,026,571	3,026,000	3,141,000
31 Equipment	3,324,652	3,325,000	4,165,000
41 Grants, subsidies and			
contributions	38,096,989	38,522,000	38,522,000
42 Insurance claims and			
indemnities	155,579	156,000	156,000
43 Interest and dividends	<u>3,957</u>	<u>4,000</u>	<u>4,000</u>
Total other objects	<u>90,751,368</u>	<u>91,177,000</u>	<u>104,832,000</u>
Total direct obligations	<u>448,727,914</u>	<u>473,512,000</u>	<u>502,921,000</u>
<u>Position Data:</u>			
Average Salary, ES positions	\$79,500	\$95,600	\$101,000
Average Salary, GM/GS positions .	\$29,477	\$30,950	\$32,500
Average Grade, GM/GS positions ..	8.66	8.66	8.66

FOOD SAFETY AND INSPECTION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to carry on services authorized by the Federal Meat Inspection Act, as amended, and the Poultry Products Inspection Act, as amended, [~~\$473,512,000~~] \$450,967,000: Provided, That the cost of laboratory accreditation shall be recovered and used by the Secretary pursuant to Public Law 102-237: Provided further, That beginning in fiscal year 1993 and thereafter, all inspection services provided beyond eight hours in a day shall be defined to be reimbursable overtime: Provided further, That not to exceed one-half of the cost of such services provided during a second scheduled and approved shift shall be recovered and used by the Secretary: Provided further, That notwithstanding 7 U.S.C. 468, and 21 U.S.C. 695, and the immediately preceding proviso, if amounts available under this heading are sequestered pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the Secretary may recover and use fees for all inspection services to replace funds so sequestered: Provided further, That this appropriation shall be available for field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but the cost of altering any one building during the fiscal year shall not exceed 10 percent of the current replacement value of the building.

This change allows FSIS to charge user fees for laboratory accreditation as authorized under P.L. 102-237 and one-half of the cost of inspection service performed during a second scheduled and approved shift. Also, in the event of the creation of spending limits resulting from a sequester, the Agency can continue to provide inspection services on a fully reimbursed basis.

Meat and poultry inspection services for all regularly scheduled and approved shifts are paid with Federal funds. Establishments that operate beyond approved regularly scheduled shifts pay overtime costs for inspection. Establishments with more than one regularly scheduled and approved shift are generally large plants with sizable production operated by corporations or large business interests. Establishments that do not have enough production to warrant an additional complete shift must pay overtime. These establishments tend to be smaller plants owned by families or small businesses. In some sense, larger establishments are operating in permanent overtime status. To put large and small establishments on equal footing, all establishments that operate a second complete shift will be required to pay for half of the costs of the second shift. These fees will have a minimal impact on prices.

Appropriations language is proposed to allow meat and poultry establishments to voluntarily pay for inspection services when Federal funding is unavailable due to a sequester. Current law does not permit such reimbursements, even when the establishments are willing to do so. This will help prevent disruptions in the marketing of meat and poultry products, as well as provide assurances to consumers that meat and poultry products continue to be safe, wholesome, and accurately labeled, even in times of a sequester.

SALARIES AND EXPENSES

Appropriations Act, 1992	\$473,512,000
Budget Estimate, 1993:	
Appropriations	\$450,967,000
New User Fees	51,954,000
Total, Budget Estimate, 1993	<u>502,921,000</u>
Increase in Estimate	<u>+29,409,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

Item of Change	1992 Estimated	Pay Costs	Program Changes	1993 Estimated
Slaughter Inspection ...	\$281,505,000	+\$9,040,000	+\$3,310,000	\$293,855,000
Processing Inspection ..	117,722,000	+3,773,000	+450,000	121,945,000
Import-Export Inspection	12,045,000	+386,000	--	12,431,000
Laboratory Services	23,718,000	+760,000	+11,690,000	36,168,000
Grants-to-States	<u>38,522,000</u>	--	--	<u>38,522,000</u>
Total Available	473,512,000	+13,959,000	+15,450,000	502,921,000
New User Fees	--	--	-51,954,000	-51,954,000
Total Appropriation ..	<u>473,512,000</u>	<u>+13,959,000</u>	<u>-36,504,000</u>	<u>450,967,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

	: 1991 Actual	: 1992 Estimated	: Increase	: 1993 Estimated	
	: Staff:	: Staff:	: or	: Staff	
	: Amount	: Years:	: Decrease	: Amount	: Years
<u>Meat and Poultry Inspection</u>	:	:	:	:	:
(a) Slaughter Inspection ...	\$261,618,575:6,397:	\$281,505,000:6,473:	-\$23,127,000	\$258,378,000:	5,802
New User Fees	--:--:	--:--:	+35,477,000	35,477,000:	706
Total, Slaughter	:	:	:	:	:
Inspection	261,618,575:6,397:	\$281,505,000:6,473:	+12,350,000(1):	\$293,855,000:	6,508
(b) Processing Inspection ..	115,153,852:2,398:	117,722,000:2,328:	-8,538,000	109,184,000:	2,070
New User Fees	--:--:	--:--:	+12,761,000	12,761,000:	254
Total, Processing	:	:	:	:	:
Inspection	115,153,852:2,398:	117,722,000:2,328:	+4,223,000(2):	121,945,000:	2,324
(c) Import-Export	:	:	:	:	:
Inspection	10,798,798: 189:	12,045,000: 202:	-721,000	11,324,000:	180
New User Fees	--:--:	--:--:	+1,107,000	1,107,000:	22
Total, Import-Export	:	:	:	:	:
Inspection	10,798,798: 189:	12,045,000: 202:	+386,000(3):	12,431,000:	202
(d) Laboratory Services	23,059,700: 302:	23,718,000: 302:	+9,841,000	33,559,000:	267
New User Fees	--:--:	--:--:	+2,609,000	2,609,000:	52
Total, Laboratory	:	:	:	:	:
Services	23,059,700: 302:	23,718,000: 302:	+12,450,000(4):	36,168,000:	319
(e) Grants-to-States	38,096,989: --:	38,522,000: --:	--	38,522,000:	--
Unobligated balance lapsing ..	148,251: --:	--:--:	--	--:--:	--
Total available or estimate ..	448,876,165:9,286:	473,512,000:9,305:	+29,409,000	502,921,000:	9,353
G-R-H Reduction	5,835: --:	--:--:	--	--:--:	--
New User Fees	--:--:	--:--:	-51,954,000	-51,954,000:	-1,034
Total Appropriation	448,882,000:9,286:	473,512,000:9,305:	-22,545,000	450,967,000:	8,319

EXPLANATION OF PROGRAM

The Food Safety and Inspection Service administers a national meat and poultry inspection program pursuant to the Federal Meat Inspection Act and the Poultry Products Inspection Act. These acts require ante-mortem and post-mortem inspection of domestic livestock and poultry, and the inspection during further processing of meat and poultry products. The major objective of the meat and poultry inspection program is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged.

The Meat and Poultry Inspection program is responsible for uniformly applying inspection procedures and standards for sanitation, humane slaughter, facilities and equipment, and product labeling at all establishments under Federal inspection. It is also responsible for assessing the effectiveness of State inspection programs to assure that standards at least equal to those under the Inspection Acts are applied to meat and poultry establishments under State jurisdiction. Further, the program is responsible for reviewing foreign inspection systems and plants that export meat and poultry products to the United States, and inspecting imported products at ports of entry. The Laboratory Services program supports meat and poultry inspection through the scientific examination of meat and poultry products for disease, contamination, or other forms of adulteration.

In its enforcement of food safety laws, the Agency strives to modernize its inspection systems and improve the effectiveness of regulatory processes. FSIS continues to emphasize reform of its inspection systems. The Agency is incorporating into its inspection procedures the scientifically-based process control approach called the Hazard Analysis and Critical Control Point (HACCP) system for enhanced public health protection. HACCP is a specific inspectional approach to control biological and physical adulteration in foods. This approach includes the assessment of risks and the identification of points throughout the production and distribution system where control is necessary to eliminate potential risks. The Agency will begin training processing inspectors in HACCP procedures and will revise regulations to reflect HACCP requirements.

INSPECTION DATA

	1991 <u>Actual</u>	1992 <u>Estimated</u>	1993 <u>Estimated</u>
Federally inspected establishments:			
Slaughter plants.....	401	400	400
Processing plants.....	4,630	4,535	4,400
Combination slaughter and processing plants.....	1,071	990	905
Talmadge-Aiken Plants.....	298	300	300
Import establishments.....	210	210	210
Federally inspected production (millions of pounds):			
Meat slaughter.....	36,190	37,837	38,052
Poultry slaughter.....	33,959	36,085	38,109
Import/Export activity (millions of pounds):			
Meat and poultry imported.....	2,497	2,500	2,500
Meat and poultry exported.....	2,700	2,700	2,700
Imports refused entry.....	12	12	12
States and territories with cooperative agreements:			
Intrastate inspection.....	27	27	27
Talmadge-Aiken inspection.....	17	17	17
Number of slaughter and/or processing plants (excludes exempt plants).....	3,111	2,946	2,781
Pounds inspected, slaughter (millions).....	627	630	630
Compliance activities:			
Hazardous product detained (millions of pounds).....	17	17	17
Compliance reviews.....	63,416	64,000	64,000
Detention actions.....	802	800	800
Laboratory Services (samples analyzed):			
Food chemistry.....	48,528	48,500	48,500
Food microbiology.....	34,855	34,800	34,800
Chemical residues.....	164,950	165,000	165,000
Antibiotic residues.....	213,006	213,000	213,000
Pathology samples.....	8,051	8,000	8,000

GAO REPORTS

<u>NUMBER</u>	<u>DATE ISSUED</u>	<u>DATE COMPLETED</u>	<u>DESCRIPTION</u>
RCED-91-22	10/9/91	---	International Food Safety: Comparison of U.S. and Codex Pesticide Standards.
RCED-91-168	9/3/91	---	USDA: Revitalizing Structure, Systems, and Strategies.
RCED-91-49	7/31/91	---	U.S. Department of Agriculture: Strengthening Management Systems to Support Secretarial Goals.
RCED-91-81	5/13/91	---	Food Distribution Program: Appearance of USDA's Canned Beef and Pork Can Be Improved.
RCED-91-41	3/12/91	---	Improving Management of Cross- Cutting Agricultural Issues.
RCED-90-161	6/28/90	---	Truck Transport: Little Is Known About Hauling Garbage and Food in the Same Vehicles.
RCED-90-176	5/31/90	---	Food Safety: Issues USDA Should Address Before Ending Canadian Meat Inspections.
RCED-89-53	7/31/89	2/5/91	Review of FSIS Development of Performance-Based Inspection System.
RCED-89-55	3/31/89	7/11/91	Internal Controls: Program to Address Meat and Poultry Plants Needs Improvement.
RCED-87-142	9/30/87	---	Imported Meat and Livestock: Chemical Residue Detection and the Issue of Labeling.
RCED-91-109	5/22/91	No Findings	Food Safety and Quality: Existing Detection and Control Programs Minimize Aflatoxin.
RCED-91-67	4/17/91	No Findings	Food Safety and Quality: Stronger FDA Standards and Oversight Needed for Bottled Water.

OIG REPORTS

24600-1-At	9/30/91	---	Monitoring of Drug Residues.
24099-6-At	6/28/91	---	Accreditation of Commercial Laboratories.
24099-5-At	6/26/90	---	Labeling Policies and Approvals.
24002-4-Hy	3/29/89	---	Follow-Up Audit of the FSIS Imported Meat Process.
24609-1-At	11/17/88	---	Monitoring and Controlling Pesticide Residues in Domestic Meat and Poultry Products.
24097-1-At	2/5/87	---	FSIS Exporting Procedures.
24062-8-Sf	4/18/91	No Findings	FSIS - MPIO Procedures for Handling Problem Plants.
24062-5-Sf	5/9/89	No Findings	Survey of Meat and Poultry Inspection Operations, Western Region.
24608-4-At	4/27/89	No Findings	Evaluation of Compliance With Poultry Slaughter Procedures in Streamlined Inspection System Plants.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of \$12,350,000 for Slaughter Inspection (\$281,505,000 available in 1992):

- (a) An increase of \$9,040,000 for pay costs which consists of \$3,654,000 for the annualization of the Fiscal Year 1992 pay raise and \$5,386,000 for a portion of the Fiscal Year 1993 pay raise.
- (b) An increase of \$2,260,000 to provide staffing of positions to help maintain required levels of consumer protection.

Need for Change. The Meat and Poultry Inspection Acts charge USDA with the responsibility of protecting the consumer from hazardous chemical residues and bacteriological contamination of meat and poultry products. To meet this responsibility FSIS has evaluated its staffing requirements in each area of its operations, determined what tasks have to be performed to meet its responsibility to safeguard the portion of the nation's food supply which is under its jurisdiction, and determined the numbers of personnel necessary to perform these tasks.

Nature of Change. This increase item will enable the Agency to begin filling vacancies necessary to provide adequate inspection coverage for operations in slaughter plants.

- (c) An increase of \$700,000 to provide the inspection force with the tools necessary to effectively carry out its responsibilities.

Need for Change. The Agency's effectiveness in meeting its legislative mandate is dependent not simply upon having sufficient numbers of employees to perform the required tasks, but also upon those employees having the tools necessary to perform their assigned duties. They must be trained to perform inspection in an equitable and uniform manner throughout the country; a communication system must be available to enable the inspectors, laboratories, enforcement officers, and management to quickly respond to threatening situations and promptly remove the hazardous product from food channels; and, records must be current and readily accessible to permit the Agency to identify developing problems, assure equality of services and respond to industry and public demand for services.

Nature of Change. The requested increase will enable the Agency to provide the workforce with essential training procedures, and continue development of a program to introduce electronic communications equipment into the slaughter plants to speed transmission of inspection findings to program analysts and enforcement officers, and laboratory test results back to the plant inspector. The proposed system will expedite review and recall of contaminated product, ensure faster response to potential residue and contamination incidents and will provide in-plant inspectors with invaluable advance warning on potential or developing product problems.

- (d) An increase of \$350,000 to provide consumer information material on nutrition labeling.

Need for Change. A critical part of the total consumer protection program is the Agency's program to provide the public with information on food handling and preparation and to provide information on using FSIS approved labels to make informed choices in relation to special dietary and nutritional requirements.

Nature of Change. New nutrition labels for foods, other than meat and poultry, are legislatively required to be in effect in 1993. The Agency is proposing to meet the same timetable for nutrition labeling of meat and poultry, and, therefore, is preparing to inform and educate consumers about the proposed meat and poultry labels.

- (e) No net program change comprised of a decrease of \$35,477,000 in appropriations offset by an increase of \$35,477,000 which shall be derived by charging fees for cost sharing of inspection services provided beyond the first shift.

Need for Change. Meat and poultry inspection services for all regularly scheduled and approved shifts are paid with Federal funds. Establishments with more than one regularly scheduled and approved shift are generally large plants with sizable production operated by corporations or large business interests. Establishments which do not have enough production to warrant an additional complete shift must pay overtime. These establishments tend to be smaller plants owned by families or small businesses. To put large and small establishments on equal footing, all establishments which operate a second complete shift will be required to pay for half the costs of the second shift.

Nature of Change. All slaughter plants will be required to reimburse the Agency for half the cost of any daily inspection for a second approved shift. Plants which now operate beyond approved regularly scheduled shifts already pay the overtime costs of inspection. Plants which now regularly operate an approved second shift are provided inspection without reimbursing the Agency. It is estimated the Agency will collect \$35,477,000 in fees related to slaughter inspection.

- (2) A net increase of \$4,223,000 for Processing Inspection (\$117,722,000 available in 1992):

- (a) An increase of \$3,773,000 for pay costs which consists of \$1,479,000 for the annualization of the Fiscal Year 1992 pay raise and \$2,294,000 for a portion of the Fiscal Year 1993 pay raise.
- (b) An increase of \$300,000 to provide the inspection force with the tools necessary to effectively carry out its responsibilities.

Need for Change. The Agency's effectiveness in meeting its legislative mandate is dependent not simply upon having sufficient numbers of employees to perform the required tasks, but also upon those employees having the tools necessary to perform their assigned duties. They must be trained to properly perform their assignments; work procedures must be developed to insure that inspection is performed in an equitable and uniform manner throughout the country; a communication system must be available to enable the inspectors, laboratories, enforcement officers, and management to quickly respond to threatening situations and promptly remove the hazardous product from food channels; and, records must be current and readily

accessible to permit the Agency to identify developing problems, assure equality of services, and respond to industry and public demands for services.

Nature of Change. The requested increase will enable the Agency to provide the workforce with essential training procedures, and continue development of a program to introduce electronic communications equipment in the largest processing plants to speed transmission of inspection findings to program analysts and enforcement officers, and laboratory test results back to the plant inspector. The proposed system will expedite review and recall of contaminated product, ensure faster response to potential residue and contamination incidents and will provide in-plant inspectors with invaluable advance warning on potential or developing product problems.

- (c) An increase of \$150,000 to provide consumer information material on nutrition labeling.

Need for Change. A critical part of the total consumer protection program is the Agency's program to provide the public with information on food handling and preparation and to provide information on using FSIS approved labels to make informed choices in relation to special dietary and nutritional requirements.

Nature of Change. New nutrition labels for foods, other than meat and poultry, are legislatively required to be in effect in 1993. The Agency is proposing to meet the same timetable for nutrition labeling of meat and poultry, and, therefore, is preparing to inform and educate consumers about the proposed meat and poultry labels.

- (d) No net program change comprised of a decrease of \$12,761,000 in appropriations offset by an increase in user fees of \$12,761,000 which shall be derived by charging fees for cost sharing of inspection services provided beyond the first shift.

Need for Change. Meat and poultry inspection services for all regularly scheduled and approved shifts are paid with Federal funds. Establishments with more than one regularly scheduled and approved shift are generally large plants with sizable production operated by corporations or large business interests. Establishments which do not have enough production to warrant an additional complete shift must pay overtime. These establishments tend to be smaller plants owned by families or small businesses. To put large and small establishments on equal footing, all establishments which operate a second complete shift will be required to pay for half the costs of the second shift.

Nature of Change. All processing plants will be required to reimburse the Agency for half the cost of any daily inspection for a second approved shift. Plants which now operate beyond approved regularly scheduled shifts already pay the overtime costs of inspection. Plants which now regularly operate an approved second shift are provided inspection without reimbursing the Agency. It is estimated the Agency will collect \$12,761,000 in fees related to processing inspection.

- (3) A net increase of \$386,000 for Import/Export Inspection (\$12,045,000 available in 1992):

- (a) An increase of \$386,000 for pay costs which consists of \$151,000 for the annualization of the Fiscal Year 1992 pay raise and \$235,000 for a portion of the Fiscal Year 1993 pay raise.
- (b) No net program change comprised of a decrease of \$1,107,000 in appropriations offset by an increase in user fees of \$1,107,000 which shall be derived by charging fees for cost sharing of inspection services provided beyond the first shift.

Need for Change. Meat and poultry inspection services for all regularly scheduled and approved shifts are paid with Federal funds. Establishments with more than one regularly scheduled and approved shift are generally large plants with sizable production operated by corporations or large business interests. Establishments which do not have enough production to warrant an additional complete shift must pay overtime. These establishments tend to be smaller plants owned by families or small businesses. To put large and small establishments on equal footing, all establishments which operate a second complete shift will be required to pay for half the costs of the second shift.

Nature of Change. All import-export facilities requiring meat and poultry inspection will be required to share half the cost for any daily inspection for a second approved shift. Facilities which now operate beyond approved regularly scheduled shifts already pay the overtime costs of inspection. Facilities which now regularly operate an approved second shift are provided inspection without reimbursing the Agency. It is estimated the Agency will collect \$1,107,000 in fees related to import-export inspection.

(4) A net increase of \$12,450,000 for laboratory testing of meat and poultry products (\$23,718,000 available in 1992):

- (a) An increase of \$760,000 for pay costs which consists of \$298,000 for the annualization of the Fiscal Year 1992 pay raise and \$462,000 for the portion of the Fiscal Year 1993 pay raise.
- (b) No net program change comprised of a decrease of \$954,000 in appropriations offset by an increase in user fees of \$954,000 resulting from the establishment of user fees for the Accredited Laboratory Program.

Need for Change. The Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (P.L. 102-237) requires laboratories seeking accreditation under the Federal Meat Inspection Act and the Poultry Products Inspection Act to pay a nonrefundable accreditation fee.

Nature of Change. Laboratories accredited by the Agency to perform certain tests of meat and poultry products will be required to reimburse the Federal Government for the full cost of providing and maintaining a continuing review of their accreditation status.

- (c) An increase of \$11,000,000 for microbial hazards monitoring.

Need for Change. To enhance the protection of consumer health, there is a need to collect information on the incidence, distribution, and control of microbial influences in the Nation's food supply. Efforts must be addressed to all points of the food system where risks may occur, from farm

to dinner table. The key problem areas must be identified so sound, scientific solutions can be instituted.

Nature of Change. The demand for applied research encompasses controlling the spread of pathogenic bacteria and tracking its occurrence in uncooked fresh meat and poultry; guarding processed meat and poultry products against recontamination and bacterial growth; isolating viruses to determine their survival during processing; and developing more rapid techniques to help inspectors find pathological conditions or other reasons to condemn carcasses. Funding will be provided for epidemiologic and food safety research in support of the President's Food Safety Data Initiative. Contracts will be executed for active epidemiologic monitoring and for development of microbiological techniques which will allow ongoing assessment of inspection processes.

- (d) An increase of \$690,000 for laboratory infrastructure improvement.

Need for Change. A solid foundation in scientific principles and practices is necessary for the Agency's to meet its legislative mandate. The procurement of efficient, effective technologies and equipment is paramount to a solid foundation in science and integral to the safety of the public's supply of meat and poultry.

Nature of Change. The requested increase will allow the Agency to improve and refurbish its laboratory infrastructure. Equipment to replace overage and obsolete items will be purchased and installed. The upgrade of the Agency's scientific capabilities will serve the public interest through faster and more precise monitoring of microbiological contaminations and other food hazards, and enable the Agency to respond to problems before they threaten the health of consumers.

- (e) No net program change comprised of a decrease of \$1,655,000 in appropriations offset by an increase of \$1,655,000 in user fees which shall be derived by charging fees for cost sharing of inspection services provided beyond the first shift.

Need for Change. Meat and poultry inspection services for all regularly scheduled and approved shifts are paid with Federal funds. Establishments with more than one regularly scheduled and approved shift are generally large plants with sizable production operated by corporations or large business interests. Establishments which do not have enough production to warrant an additional complete shift must pay overtime. These establishments tend to be smaller plants owned by families or small businesses. To put large and small establishments on equal footing, all establishments which operate a second complete shift will be required to pay for half the costs of the second shift.

Nature of Change. All plants and facilities requiring meat and poultry inspection will be required to share half the cost for any laboratory costs associated with daily inspection for a second approved shift. It is estimated the Agency will collect \$1,655,000 in fees for laboratory costs associated with inspections beyond one shift.

Food Safety and Inspection Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	FY 1991		FY 1992		FY 1993	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	\$16,122,688	415	\$17,013,000	416	\$18,070,000	418
Alaska	339,264	0	358,000	0	380,000	0
Arizona	1,405,664	24	1,483,000	24	1,575,000	24
Arkansas	21,819,854	581	23,025,000	582	24,455,000	585
California	25,196,834	605	26,589,000	607	28,240,000	609
Colorado	6,393,631	158	6,747,000	158	7,166,000	159
Connecticut	1,557,507	35	1,644,000	35	1,746,000	35
Delaware	3,840,979	94	4,053,000	94	4,305,000	95
District of Columbia	61,970,255	656	65,392,000	657	69,456,000	664
Florida	7,213,170	123	7,612,000	123	8,084,000	124
Georgia	26,266,131	581	27,717,000	582	29,438,000	585
Hawaii	1,186,833	4	1,252,000	4	1,330,000	4
Idaho	2,213,673	54	2,336,000	54	2,481,000	54
Illinois	12,696,970	223	13,398,000	224	14,230,000	225
Indiana	7,057,007	123	7,447,000	123	7,909,000	124
Iowa	16,841,243	405	17,772,000	406	18,875,000	408
Kansas	10,310,339	238	10,880,000	239	11,556,000	240
Kentucky	5,475,561	134	5,778,000	134	6,137,000	135
Louisiana	4,389,459	79	4,632,000	79	4,920,000	80
Maine	1,063,731	24	1,122,000	24	1,192,000	24
Maryland	9,482,399	194	10,006,000	194	10,628,000	195
Massachusetts	2,495,462	60	2,633,000	60	2,797,000	60
Michigan	7,723,555	188	8,150,000	188	8,656,000	189
Minnesota	12,033,679	302	12,698,000	303	13,487,000	304
Mississippi	9,457,231	224	9,980,000	225	10,599,000	226
Missouri	14,695,345	345	15,507,000	346	16,470,000	347
Montana	2,014,532	39	2,126,000	39	2,258,000	39
Nebraska	11,758,153	303	12,408,000	304	13,178,000	305
Nevada	476,654	11	503,000	11	534,000	11
New Hampshire	488,991	12	516,000	12	548,000	12
New Jersey	4,873,951	112	5,143,000	112	5,463,000	113
New Mexico	1,451,066	26	1,531,000	26	1,626,000	26
New York	11,761,632	270	12,411,000	271	13,182,000	272
North Carolina	14,936,836	328	15,762,000	329	16,741,000	330
North Dakota	1,102,911	25	1,164,000	25	1,236,000	25
Ohio	10,334,504	150	10,905,000	150	11,583,000	151
Oklahoma	4,579,818	71	4,833,000	71	5,133,000	71
Oregon	3,268,239	76	3,449,000	76	3,663,000	77
Pennsylvania	18,488,717	443	19,510,000	444	20,722,000	446
Rhode Island	513,303	12	542,000	12	575,000	12
South Carolina	4,741,630	95	5,004,000	95	5,314,000	96
South Dakota	3,287,212	74	3,469,000	74	3,684,000	75
Tennessee	6,292,306	149	6,640,000	149	7,052,000	150
Texas	28,946,556	594	30,545,000	596	32,442,000	598
Utah	2,371,038	46	2,502,000	46	2,657,000	46
Vermont	634,141	8	669,000	8	711,000	8
Virginia	9,437,166	217	9,958,000	218	10,577,000	219
Washington	4,924,985	119	5,197,000	119	5,520,000	120
West Virginia	1,759,960	31	1,857,000	31	1,973,000	31
Wisconsin	7,720,520	136	8,147,000	136	8,653,000	137
Wyoming	203,967	0	215,000	0	229,000	0
Guam	43,376	1	46,000	1	49,000	1
Puerto Rico	2,698,161	65	2,847,000	65	3,024,000	65
Samoa	38,682	1	41,000	1	43,000	1
Virgin Islands	84,499	2	89,000	2	95,000	2
Foreign Countries ..	245,945	1	259,000	1	274,000	1
Subtotal, Available or Estimate	448,727,914	9,286	473,512,000	9,305	502,921,000	9,353
Unobligated balance	148,251	--	--	--	--	--
Total, Available or Estimate	448,876,165	9,286	473,512,000	9,305	502,921,000	9,353

Passenger Motor Vehicles

Age and mileage data for passenger motor vehicles on hand as of September 30, 1991, is as follows:

Age-Year Model -----	Age Data -----		Lifetime Mileage ----- (thousands)	Mileage Data -----	
	Number of Vehicles -----	Percent of Total -----		Number of Vehicles -----	Percent of Total -----

1988	1	100	65-75	1	100
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The passenger motor vehicle owned by Food Safety and Inspection Service is used by Import Inspectors in American Samoa.

ECONOMIC RESEARCH SERVICE

Purpose Statement

The Economic Research Service (ERS), was established in 1961 principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

ERS's mission is to provide economic and other social science information and analysis for improving the performance of agriculture and rural America.

ERS produces such information as a service to the general public and to help Congress and the administration develop, administer, and evaluate agricultural and rural policies and programs. ERS monitors, analyzes, and forecasts U.S. and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing; evaluates the economic performance of U.S. agricultural production and marketing; and estimates the effects of Government policies and programs on farmers, rural residents and communities, natural resources, and the public. In addition, ERS produces economic and other social science information about the organization and institutions of the U.S. and world agricultural production and marketing systems, natural resources, and rural communities.

ERS-produced information is made available to the public through research monographs, situation and outlook reports, standardized data products in electronic media, professional and trade journals (including The Journal of Agricultural Economics Research), magazines (including Agricultural Outlook, Farmline, Food Review, Rural Conditions and Trends, Rural Development Perspectives, and World Agriculture), radio, television, newspapers, and frequent participation of ERS staff at various public forums.

ERS has four program divisions--Commodity Economics, Agriculture and Trade Analysis, Resources and Technology, and Agriculture and Rural Economy--that carry out the four principal functions of ERS: research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators. Research and economic and statistical indicators provide the knowledge base and the data base for the situation and outlook and staff analysis functions. The products of the situation and outlook analysis function are periodic reports that analyze the current situation and forecast the short-term outlook for major agricultural commodities, agricultural exports, agricultural finance, agricultural resources, and world agriculture. Staff analysis entails assessments of issues requiring policy decisions by the Administration and Congress.

ERS is located in Washington, D.C. As of September 30, 1991, ERS had 751 permanent, full-time employees and 56 part-time employees.

ECONOMIC RESEARCH SERVICE

Available Funds and Staff-Years

1991 Actual and Estimated, 1992 and 1993

Item	1991		1992		1993	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Economic Research Service	\$54,399,293	743	\$58,720,000	810	\$60,372,000	810
Obligations under						
Other USDA						
appropriations:						
Agricultural Market-						
ing Service for						
study of marketing						
of U.S. agricultural						
products	183,534	2	206,000	2	206,000	2
Animal and Plant						
Health Inspection						
Service for support						
of Great Plains						
Council and grass-						
hopper project	48,554	--	9,000	--	9,000	--
Agricultural Research:						
Service for support						
of Great Plains						
Council	8,554	--	9,000	--	9,000	--
Cooperative State						
Research Service for:						
study of sustainable:						
agriculture	108,554	1	109,000	1	109,000	1
Extension Service for:						
support of Great						
Plains Council	8,554	--	9,000	--	9,000	--
Farmers Home Adminis-						
tration for						
personnel details						
and wastewater needs:						
data	82,947	--	83,000	--	83,000	--
Federal Grain Inspec-						
tion Service for						
grading and price						
impact studies	428,316	3	275,000	3	275,000	3
Food and Nutrition						
Service for study						
of WIC program	15,000	--	--	--	--	--
Foreign Agricultural						
Service for inter-						
national trade						
studies	23,500	--	16,000	--	16,000	--
Forest Service for						
support of Great						
Plains Council	8,554	--	9,000	--	9,000	--
National Agricultural:						
Statistics Service						
for support of						
"Choices" magazine ..	13,400	--	13,000	--	13,000	--

Item	1991		1992		1993	
	Actual	Staff- Years	Estimated	Staff- Years	Estimated	Staff- Years
Soil Conservation Service for support of Great Plains Council	8,554	--	9,000	--	9,000	--
World Agriculture and Outlook Board for commodity data	3,200	--	--	--	--	--
Total, Other USDA Appropriations	941,221	6	747,000	6	747,000	6
Total, Agriculture Appropriations	55,340,514	749	59,467,000	816	61,119,000	816
<u>Other Federal Funds:</u>						
Department of Commerce for personnel detail	19,310	--	--	--	--	--
Council of Economic Advisors for personnel detail	94,230	1	--	--	--	--
Council on Environmental Quality for personnel detail	21,589	--	--	--	--	--
Office of International Cooperation and Development for personnel details and food aid studies	1,435,392	22	2,253,000	23	2,253,000	23
Office of Thrift Supervision for personnel detail	44,907	--	--	--	--	--
Total, Other Federal Funds	1,615,428	23	2,253,000	23	2,253,000	23
<u>Non-Federal Funds:</u>						
Miscellaneous Contributed Funds from publications and data sales, and other private organizations	291,001	1	400,000	1	400,000	1
Texas A&M for a study of regional implications of farm programs	78,000	--	--	--	--	--
Total, Non-Federal Funds	369,001	1	400,000	1	400,000	1
Total, Economic Research Service	\$57,324,943	773	62,120,000	840	63,772,000	840

Full-time Equivalent Staff-Years:	1991 Actual	1992 Estimated	1993 Estimated
Ceiling	773	840	840
Non-ceiling	--	--	--
Total	773	840	840

ECONOMIC RESEARCH SERVICE

Permanent Positions by Grade and Staff-Year Summary1991 and Estimated 1992 and 1993

Grade	FY 1991 Headquarters	FY 1992 Headquarters	FY 1993 Headquarters
ES-5	2	2	2
ES-4	4	4	4
ES-2	1	2	2
Senior Level	--	1	1
GS/GM-16	1	--	--
GS/GM-15	56	58	58
GS/GM-14	128	130	130
GS/GM-13	196	206	206
GS-12	112	124	124
GS-11	39	44	45
GS-10	2	2	2
GS-9	33	36	36
GS-8	20	22	22
GS-7	50	53	53
GS-6	43	45	45
GS-5	46	48	48
GS-4	13	17	17
GS-3	4	7	6
GS-2	1	1	1
Total Permanent Positions ...	751	802	802
Unfilled Positions			
end-of-year	--	--	--
Total, Permanent Employment,			
end-of-year	751	802	802
Staff-Years:			
Ceiling	773	840	840
Non-ceiling	--	--	--
TOTAL	773	840	840

ECONOMIC RESEARCH SERVICE

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters	33,499,552	35,173,552	36,429,700
Field	--	--	--
11 Total personnel compensation	33,499,552	35,173,552	36,429,700
12 Personnel benefits	5,984,191	6,283,191	6,505,300
13 Benefits for former personnel	19,887	20,000	20,000
Total Pers. Comp & Benefits	39,503,630	41,476,743	42,955,000
Other Objects:			
21 Travel	667,943	681,000	729,000
22 Transportation of things	55,121	138,000	157,000
23.3 Communications, utilities, and misc. charges	801,308	1,081,000	1,226,000
24 Printing and reproduction	411,544	595,000	523,000
25 Other services	11,016,915	13,148,257	12,945,000
26 Supplies and materials	638,531	670,000	762,000
31 Equipment	1,274,578	930,000	1,075,000
Total other objects	14,865,940	17,243,257	17,417,000
Total direct obligations	54,369,570	58,720,000	60,372,000

Position Data:

Average Salary, ES positions	\$100,343	\$103,875	\$103,875
Average Salary, GM/GS positions	\$44,544	\$45,885	\$47,096
Average Grade, GM/GS positions	11.1	11.0	11.0

ECONOMIC RESEARCH SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Economic Research Service in conducting economic research and service relating to agricultural production, marketing, and distribution as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and other laws, including economics of marketing; analyses relating to farm prices, income and population, and demand for farm products, use of resources in agriculture, adjustments, costs and returns in farming, and farm finance; research relating to the economic and marketing aspects of farmer cooperatives; and for analysis of supply and demand for farm products in foreign countries and their effect on prospects for United States exports, progress in economic development and its relation to sales of farm products, assembly and analysis of agricultural trade statistics and analysis of international financial and monetary programs and policies as they affect the competitive position of United States farm products, [~~\$58,720,000~~ \$60,372,000]; of which \$500,000 shall be available for investigation, determination and finding as to the effect upon the production of food and upon the agricultural economy of any proposed action affecting such subject matter pending before the Administrator of the Environmental Protection Agency for presentation, in the public interest, before said Administrator, other agencies or before the courts: *Provided*, That this appropriation shall be available to continue to gather statistics and conduct a special study on the price spread between the farmer and the consumer: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225): *Provided further*, That this appropriation shall be available for analysis of statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.

ECONOMIC RESEARCH SERVICE

Appropriation Act, 1992	\$58,720,000
Budget Estimate, 1993	<u>60,372,000</u>
Increase in Appropriation	<u>+1,652,000</u>

Summary of Increases and Decreases

(On basis of appropriation)

Item of Change	1992 Estimated	Pay Costs	Program Changes	1993 Estimated
Economic Analysis and Research	\$58,720,000	+\$842,000	+\$810,000	\$60,372,000

Project Statement

(On basis of appropriation)

Project	1991 Actual	Staff- Years	1992 Estimated	Staff- Years	Increase	1993 Estimated	Staff- Years
	Amount		Amount			Amount	
Economic Analysis and Research	\$54,369,570	743	\$58,720,000	810	(1): +\$1,652,000	\$60,372,000	810
Unobligated Balance	29,723	--	--	--	--	--	--
Total available or estimate	54,399,293	743	58,720,000	810	+1,652,000	60,372,000	810
GRH Reduction ..	+707	--					
Total, Appropriation	54,400,000	743					

EXPLANATION OF PROGRAM

The appropriation for the Economic Research Service funds the following activity:

--Economic analysis and research--This activity includes research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators in the four major program areas--commodity economics, agriculture and trade analysis, resources and technology, and agriculture and rural economy.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net increase of \$1,652,000 for economic analysis and research consisting of:

- (a) An increase of \$842,000 for pay costs, which consists of \$450,000 for the annualization of the FY 1992 pay raise and \$392,000 for part of the cost of the FY 1993 pay raise.

- (b) An increase in appropriations of \$805,000 for food safety research and pesticide data and analysis (\$1,150,000 available in FY 1992). This appropriation increase along with internally redirected funds, \$1,695,000, will bring the total program in this area to \$3,650,000.

Need for Change. This increase will fund work to further develop an economic framework for the Department's expanding food safety activities. Data on pesticide use and practices will be analyzed by ERS in order to understand the economic effects of alternative pesticide use levels and practices on the production and marketing process. The analysis will also focus on understanding the yield and quality effects of various pesticide regulatory strategies. Data will also be collected on the use of chemicals and pesticides in the off-farm marketing and distribution channels. Without this information, tracing pesticide residuals to source of pesticide or chemical application will be impossible for chemicals that can be used both in production and marketing.

Nature of Change. This ERS initiative complements and expands the USDA Food Safety Initiative by concentrating on several areas: (1) development of a data base on pesticide and chemical use application rates in the food production and off-farm marketing sectors; (2) assessment of the economic benefits and costs of various pesticide use levels, nonchemical alternatives, and low pesticide input production and marketing systems; (3) economic analyses of human health risks from foodborne hazards, food-safety-related regulatory issues and options, Government policies, and consumer perceptions; (4) staff support for USDA program managers operating current and expanded regulatory programs; and (5) monitoring and analyses of the economic effects of strategies for dealing with food safety issues.

ERS is reviewing potential fund reductions in travel, publications, cooperative research, and surveys and staffing to provide a total of \$1,695,000 available for redirection to the food safety and pesticide data initiatives. This redirection plan, coupled with expected attrition of professionals, should provide sufficient staff to support the increases and result in minimum impact on the agency's other programs.

- (c) An increase of \$400,000 to evaluate nutrition education programs (\$100,000 available in FY 1992).

Need for Change. Poor nutrition may be viewed as resulting from individuals not having enough, not knowing enough, or not caring enough. Nutrition education can influence the latter two factors. Although specific nutrition programs (such as the Special Supplemental Food Program for Women, Infants, and Children, Expanded Food and Nutrition Education Program, National School Lunch Program, and School Breakfast Program) are generally recognized as providing nutrition education, the Federal Government provides additional nutrition education through general programs (such as the publication of Dietary Guidelines, regulation on labels and advertising, standards of identity, and standardization of serving sizes, and more specifically through education outreach (e.g., the Infant and Maternal Nutrition Education Program).

The effectiveness of nutrition education programs hinges on our ability to: (1) identify the links between diet and health, (2)

monitor food consumption and nutritional status of the public, (3) design and implement nutrition programs, and (4) evaluate the effectiveness of these programs. In evaluating the effectiveness of nutrition education programs, it is important to define the goals of the program and then select the correct measures to determine whether the program is achieving those goals. The goals include not only improvements in consumer knowledge and dietary behavior, but also the effects on food producers, processors, and retailers. Agencies responsible for implementation of nutrition programs have limited expertise concerning linkage between consumers/knowledge/behavior and their economic effects.

Nature of Change. ERS would increase its activities in evaluating nutrition education as part of and in support of a broader USDA initiative on nutrition education. Currently, ERS is involved in aspects of monitoring the U.S. diet through its annual reporting of aggregate food supply and utilization. In addition, ERS has conducted research on consumption patterns and has analyzed the differences between awareness of diet/health relationships and nutrient intake and food consumption patterns. ERS proposes to increase its activities in evaluating nutrition education by: (1) improving data to link attitudes, awareness, and behavior; (2) measuring success of general and specific nutrition education programs; (3) comparing the effectiveness of alternative (direct assistance) programs in improving nutrition (Food Stamp Program, Special Supplemental Food Program for Women, Infants, and Children, Emergency Food Assistance Program, National School Lunch Program, and School Breakfast Program); and (4) assessing the response of the food production, processing, and marketing system to nutrition information.

- (d) A decrease of \$395,000 for rice modeling (\$395,000 available in FY 1992).

Need for Change. An increase of \$395,000 was included in ERS's FY 1992 appropriation to expand the capability of providing more differentiated commodity/product modeling on rice. This effort is being conducted in coordination with the University of Arkansas and the University of Missouri to expand the capability of the commodity policy modeling system to conduct analysis on the consequences of value-added exports. ERS proposes that this activity would be better supported through a CSRS special grant.

Nature of Change. ERS proposes no funding for this activity in FY 1993.

ECONOMIC RESEARCH SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Alabama	52,610	- -	25,000	- -	25,000	- -
Arkansas	12,000	- -	- -	- -	- -	- -
California	141,600	- -	100,000	- -	100,000	- -
Colorado	50,850	- -	50,000	- -	50,000	- -
Connecticut	81,094	- -	30,000	- -	30,000	- -
Delaware	13,100	- -	- -	- -	- -	- -
District of Columbia	52,716,156	743	57,900,000	810	59,552,000	810
Florida	67,300	- -	50,000	- -	50,000	- -
Illinois	55,955	- -	30,000	- -	30,000	- -
Indiana	173,095	- -	90,000	- -	90,000	- -
Iowa	52,400	- -	50,000	- -	50,000	- -
Kentucky	10,000	- -	10,000	- -	10,000	- -
Maryland	89,700	- -	50,000	- -	50,000	- -
Massachusetts	12,500	- -	10,000	- -	10,000	- -
Michigan	8,000	- -	10,000	- -	10,000	- -
Minnesota	64,000	- -	20,000	- -	20,000	- -
Missouri	50,000	- -	25,000	- -	25,000	- -
New York	131,088	- -	35,000	- -	35,000	- -
New Mexico	25,000	- -	- -	- -	- -	- -
North Carolina	199,351	- -	50,000	- -	50,000	- -
Ohio	35,000	- -	30,000	- -	30,000	- -
Pennsylvania	64,921	- -	30,000	- -	30,000	- -
Tennessee	15,000	- -	- -	- -	- -	- -
Texas	88,350	- -	50,000	- -	50,000	- -
Virginia	12,000	- -	- -	- -	- -	- -
Washington	75,000	- -	50,000	- -	50,000	- -
Wisconsin	<u>73,500</u>	<u>- -</u>	<u>25,000</u>	<u>- -</u>	<u>25,000</u>	<u>- -</u>
Subtotal, Available or Estimate	54,369,570	743	58,720,000	810	60,372,000	810
Unobligated balance	<u>29,723</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total, Available or Estimate	<u>54,399,293</u>	<u>743</u>	<u>58,720,000</u>	<u>810</u>	<u>60,372,000</u>	<u>810</u>

NATIONAL AGRICULTURAL STATISTICS SERVICE

Purpose Statement

The National Agricultural Statistics Service (NASS) was reestablished as a separate agency in the USDA on September 30, 1981. The primary responsibilities of NASS are the development and issuance of national and State agricultural statistics and the conduct of statistical research as authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

NASS programs are conducted in the following major areas:

1. Agricultural Estimates. This area includes the conduct of mail, enumerative and objective measurement surveys; summarizing and analyzing survey data; developing estimates of production, supply, price and other aspects of the agricultural economy; preparation and issuance of official USDA national and State estimates and reports relating to acreages, types, and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, agricultural chemical use, value and utilization of farm products, prices received and paid by farmers, and other subjects as required.
2. Statistical Research and Service. This area includes research on and development of improved statistical techniques used in gathering and evaluating statistical data, including use of satellite data.
3. Work Performed for Others. Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable or advance payment basis. These services consist primarily of conducting surveys and performing related statistical data collection activities. They also include technical consultation, support, and assistance for international programs under participating agency service agreements.

The National Agricultural Statistics Service maintains a central office in Washington, D.C., with a large part of the agricultural statistics program carried out through 45 State Statistical Offices serving the 50 States. Most State Statistical Offices are operated as joint State and Federal services through cooperative arrangements with various State agencies. As of September 30, 1991, the Service had 1,114 full-time permanent employees and 100 part-time employees, including 385 permanent full-time and 54 part-time employees located in Washington, D.C.

NATIONAL AGRICULTURAL STATISTICS SERVICE
Available Funds and Staff-Years
1991 Actual and Estimated, 1992 and 1993

Item	1991		1992		1993	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
National Agricultural Statistics Service.....	\$76,473,850:	976:	\$82,641,000:	1,026:	\$87,087,000:	1,026:
Obligations under Other						
USDA appropriations						
Agricultural Cooperative Service for data processing	--:	--:	35,000:	--:	35,000:	--
Agricultural Marketing Service for data on milk prices.....	116,500:	2:	117,000:	2:	117,000:	2
Animal and plant Health Inspection Service for animal health monitoring system and data on animal damage control:	404,000:	5:	404,000:	5:	404,000:	5
Agricultural Stabilization and Conservation Service (CCC) for data on feed grains.....	100,000:	1:	100,000:	1:	100,000:	1
Economic Research Service for data on chemical use and farm economics, cropping practices, farm costs and returns, farm and rural markets, land use, land values, farm real estate taxes and water quality....	5,352,000:	70:	5,842,000:	78:	5,916,000:	79
Foreign Agricultural Service for data on sugar.....	67,906:	1:	--:	--:	--:	--
Federal Crop Insurance Corporation for acreage and yield production data on insured crops.....	595,000:	8:	625,000:	8:	625,000:	8
Forest Service for data on grazing fees..	35,000:	--:	35,000:	--:	35,000:	--
Human Nutrition Information Service for consulting services..	75,000:	1:	75,000:	1:	75,000:	1
Soil Conservation Service for liaison with 1890 colleges	96,000:	--:				
colleges.....	96,000:	--:	65,000:	--:	65,000:	--
World Agricultural Outlook Board for grain report and lockup support.....	6,769:	--:	7,000:	--:	7,000:	--
Total, Other USDA Appropriations.....	6,848,175:	88:	7,305,000:	95:	7,379,000:	96
Total, Agriculture Appropriations.....	83,322,025:	1,064:	89,946,000:	1,121:	94,466,000:	1,122

Item	1991 Actual		1992 Estimated		1993 Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Other Federal Funds:						
Commerce, Department of, for coverage estimates for the 1992 Census of Agriculture.....	530,000	5	--	--	--	--
Energy, Department of, for assistance on the National Agricultural Energy Survey.....	50,000	1	--	--	--	--
Environmental Protection Agency for data on agroecosystems and water quality.....	25,000	--	200,000	2	200,000	2
General Services Admin. for moving costs.....	24,000	--	--	--	--	--
Interior, Department of, for data on grazing fees.....	35,000	--	35,000	--	35,000	--
Labor, Department of for assistance in research on computer assisted telephone interview techniques, and for data on seasonal agricultural workers.....	215,000	--	315,000	--	315,000	--
National Academy of Sciences for services of Ron Fecso	3,300	--	41,000	1	--	--
Office of International Cooperation and Development (from AID) for training, technical assistance, and equipment.....	703,244	9	604,000	7	571,000	7
Total, Other Federal Funds.....	1,585,544	15	1,195,000	10	1,121,000	9
Non Federal Funds:						
State Agencies for survey work.....	1,702,874	22	1,500,000	20	1,500,000	20
Misc. Contributed Funds for distribution of crop releases and data tapes and for data on cherries, hops, malting barley, milk, oats, soybeans, vineyards, and wheat.....	218,284	2	250,000	2	250,000	2
Total Non-Federal Funds.....	1,921,158	24	1,750,000	22	1,750,000	22
Total, National Agricultural Statistics Service....	86,828,727	1,103	92,891,000	1,153	97,337,000	1,153
Full-time Equivalent Staff-Years:	1991 Actual		1992 Estimated		1993 Estimated	
Ceiling	1,103		1,153		1,153	
Non-ceiling	1		2		2	
Total	1,104		1,155		1,155	

NATIONAL AGRICULTURAL STATISTICS SERVICE

Permanent Positions by Grade and Staff-Year Summary1991 and Estimated 1992 and 1993

Grade	FY 1991			FY 1992			FY 1993		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	1	--	1	1	--	1	1	--	1
ES-4	5	--	5	5	--	5	5	--	5
ES-2	2	--	2	3	--	3	3	--	3
GS/GM-15	16	13	29	18	13	31	19	13	32
GS/GM-14	40	43	83	47	43	90	48	43	91
GS/GM-13	124	63	187	135	63	198	135	63	198
GS-12	40	90	130	38	86	124	39	86	125
GS-11	24	66	90	24	66	90	24	66	90
GS-10	1	0	1	1	0	1	1	0	1
GS-9	16	90	106	16	90	106	16	90	106
GS-8	17	2	19	17	2	19	17	2	19
GS-7	31	105	136	33	99	132	33	99	132
GS-6	30	88	118	32	83	115	32	83	115
GS-5	28	84	112	30	79	109	30	79	109
GS-4	9	68	77	10	64	74	10	61	71
GS-3	1	13	14	1	13	14	1	13	14
Other Graded Positions....	--	4	4	--	2	2	--	2	2
Total Permanent Positions....	385	729	1,114	411	703	1,114	414	700	1,114
Total Permanent Employment, end-of-year..	385	729	1,114	411	703	1,114	414	700	1,114
Staff-Years:									
Ceiling	397	706	1,103	428	725	1,153	428	725	1,153
Non-Ceiling..	--	1	1	1	1	2	1	1	2
Total	397	707	1,104	429	726	1,155	429	726	1,155

NATIONAL AGRICULTURAL STATISTICS SERVICE

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters	\$14,736,892	\$15,809,000	\$16,413,000
Field	<u>19,754,521</u>	<u>21,976,000</u>	<u>22,815,000</u>
11 Total personnel compensation	34,491,413	37,785,000	39,228,000
12 Personnel Benefits ...	7,656,706	8,420,000	8,742,000
13 Benefits for former personnel	<u>8,844</u>	<u>8,000</u>	<u>8,000</u>
Total Personnel Compensation & Benefits.....	<u>42,156,963</u>	<u>46,213,000</u>	<u>47,978,000</u>
Other Objects:			
21 Travel	1,538,201	1,626,000	1,766,000
22 Transportation of things	584,187	566,000	616,000
23.3 Communications, utilities and miscellaneous charges..	2,481,129	3,280,000	3,562,000
24 Printing and reproduction	485,994	546,000	592,000
25 Other services	23,470,820	25,027,000	28,027,000
26 Supplies and materials	1,293,726	1,235,000	1,342,000
31 Equipment	4,204,252	4,148,000	3,204,000
43 Interest and dividends	<u>1,446</u>	<u>--</u>	<u>--</u>
Total other objects	<u>34,059,755</u>	<u>36,428,000</u>	<u>39,109,000</u>
Total direct obligations .	<u>76,216,718</u>	<u>82,641,000</u>	<u>87,087,000</u>

Position Data:

Average Salary, ES positions	\$98,688	\$101,281	\$105,029
Average Salary, GM/GS positions	\$35,032	\$37,067	\$38,567
Average Grade, GM/GS positions	9.3	9.4	9.4

NATIONAL AGRICULTURAL STATISTICS SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

NATIONAL AGRICULTURAL STATISTICS SERVICE:

For necessary expenses of the National Agricultural Statistics Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, and marketing surveys, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, [~~\$82,601,000~~] \$87,087,000: Provided, That, hereafter, no funds available to the Department of Agriculture shall be available to publish estimates of apple production for other than the commercial crop: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Appropriations Act, 1992	\$82,601,000
Budget Estimate, 1993	<u>87,087,000</u>

Increase in Appropriation	+ <u>4,486,000</u>
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Adjustments in 1992:

Appropriation Act, 1992	\$82,601,000
GSA Space Transfer a/	<u>+ 40,000</u>

Adjusted base for 1992	82,641,000
Budget estimate, 1993	<u>87,087,000</u>

Increase over adjusted 1992	+ <u>4,446,000</u>
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a/ The transfer from Departmental Administration is due to the transfer of the New Mexico State Statistical Office from GSA office space to that leased by the USDA. On a comparable basis the cost is \$40,000 for FY 1992 and \$40,000 for FY 1993.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
FTS 2000.....	\$1,300,000	--	-\$1,300,000	0
Data Collection.....	17,850,000	--	+ 849,000	\$18,699,000
Pesticide Data Program.....	3,500,000	--	+ 2,500,000	6,000,000
Enhanced Area Sampling Frame..	2,565,000	--	+ 1,000,000	3,565,000
Restricted Use Pesticide Data	100,000	--	+ 900,000	1,000,000
Forage and Commodity Statistics.....	4,062,000	--	- 400,000	3,662,000
All Other	<u>53,264,000</u>	<u>+ \$897,000</u>	<u>--</u>	<u>54,161,000</u>
Total Available	<u>82,641,000</u>	<u>+ 897,000</u>	<u>+ 3,549,000</u>	<u>87,087,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1991 Actual		1992 Estimated		Increase or Decrease	1993 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Agricultural Estimates	\$72,972,718	936	\$79,218,000	985	+\$ 4,405,000	\$83,623,000	985
2. Statistical Research and Service	3,244,000	40	3,423,000	41	(2) +41,000	3,464,000	41
Unobligated balance ..	257,132	--	--	--	--	--	--
Total available or estimate	76,473,850	976	82,641,000	1,026	+ 4,446,000	87,087,000	1,026
Transfer from Departmental Administration	-23,844	--	-40,000	--			
GRH Reduction	+944	--	--	--			
Total Appropriation ..	76,451,000	976	82,601,000	1,026			

EXPLANATION OF PROGRAM

The National Agricultural Statistics Service has two major activities, authorized by the Agricultural Marketing Act of 1946, as follows:

- Agricultural Estimates - This area includes the conducting of scientifically designed surveys; summarizing and analyzing survey data; developing estimates of production, supply, price, and other aspects of the agricultural economy; and issuing official USDA national and State estimates and reports relating to acreage, types and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, agricultural chemical use, and other subjects as required. Estimates are published in about 400 Federal reports each year. All information is made available to the public at scheduled release times, providing the basic, unbiased data necessary to maintain an orderly association between the consumption, supply, marketing, and input sectors of agriculture.
- Statistical Research and Service - Research is conducted to improve the statistical methods and techniques used in developing agricultural statistics. This research is directed toward better sampling, yield forecasting, and survey techniques. Consulting services in the areas of survey methodology, statistical methodology, and remote sensing technology are provided both gratis and on a reimbursable basis.

GAO Reports:

GAO/GGD-91-31BR, March 1991, "Equal Employment: Minority Representation at USDA's National Agricultural Statistics Service" (Final Report).

OIG Reports:

USDA, OIG Audit Report No. 2660-2-At, November 1991, "Review of Average Price Data From Rice Cooperatives and Private Rice Buyers" (Final Report).

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$4,405,000 for crop and livestock estimates consisting of:

(a) An increase of \$856,000 for pay costs which consists of \$454,000 for the annualization of the fiscal year 1992 pay raise and \$402,000 for part of the costs of the fiscal year 1993 pay raise.

(b) A decrease of \$1,300,000 for FTS 2000 (\$1,300,000 available in 1992).

Need for Change. The acquisition of equipment needed to allow access to the FTS 2000 Integrated Switch Digital Network will be completed in FY 1992.

Nature of Change. This was a one-year (FY 1992) up-front cost. Therefore, funding is not needed in subsequent fiscal years.

(c) An increase of \$849,000 for Increased Costs for Data Collection (\$17,850,000 available in 1992).

Need for Change. Data representing the Nation's agricultural sector are obtained primarily through direct contact with the Nation's farm and agribusiness operators. Approximately 750,000 survey contacts are made annually. Enumerators employed by the National Association of State Departments of Agriculture (NASDA) make most of the survey contacts. As part of a long-term cooperative effort, NASS provides technical guidance and training for enumerators and reimburses NASDA for associated salaries and other expenses. This work provides part-time employment for over 3,200 persons located primarily in rural areas across the Nation.

Increasing costs of collecting data for on-going surveys make this additional funding necessary for NASS to maintain the current sample sizes for the basic USDA statistical programs. Costs of collecting data have escalated dramatically in recent years due to increases in mileage, per diem, and salary rates. If the budget does not adjust for this "real" shortfall, NASS must absorb this cost and may need to make corresponding adjustments in its core program.

Nature of Change. This funding represents the added data collection costs which occurred in FY 1991. It will offset the inflationary increases and permit data collection efforts to be maintained at current levels for ongoing programs.

(d) An increase of \$2,500,000 for Pesticide Data Program (\$3,500,000 available in 1992).

Need for Change. A critical component of the President's Pesticide Data Program identifies the need for reliable statistics relating to pesticide use for food crops. Work was initiated during FY 1991 to fill this void when NASS conducted a limited vegetable chemical use survey in five major States. During FY 1992, NASS conducted a fruit and nut chemical use survey in 13 States.

There is a heavy demand for additional pesticide usage information from both public and private sectors. Chemical usage data for additional fruit, nuts, and vegetables not currently surveyed are needed. Also, there is a void in data covering the use of chemicals on food crops after the commodities leave the farm.

Nature of Change. Surveys will continue to be conducted on fruit and nut commodities and vegetable commodities in alternating years. This increased funding will allow NASS to significantly expand the fruit, nut, and vegetable chemical use surveys. These surveys will cover all major fruit, nuts, and vegetables and will include more producing States. Also, NASS will conduct marketing channel surveys to collect chemical usage data on commodities between the farm and retail outlet. These surveys will be coordinated with other food safety and water quality surveys and they are all critical parts of NASS meeting the requirements of the Food, Agriculture, Conservation, and Trade Act of 1990 for data on restricted use pesticides. NASS will coordinate data needs with the Environmental Protection Agency, Food and Drug Administration, National Oceanic and Atmospheric Administration, U.S. Geological Surveys, Tennessee Valley Authority, and others.

- (e) An increase of \$1,000,000 for an Enhanced Area Sampling Frame (\$2,565,000 available in 1992).

Need for Change. NASS maintains a national area sampling frame that is the foundation for a large proportion of the current agricultural statistics program. The total land surface of the contiguous United States plus Hawaii is stratified according to land use. The area frame was developed originally for estimating production and inventories of agricultural commodities, primarily field crops and livestock, and was later used for agricultural labor and economic data collection.

Enhancing the area sampling frame as planned in this budget request is one of the main steps that NASS can take in working towards the USDA goal of reducing the reporting burden on farmers. Recent budget initiatives for expanded agricultural labor and environmental statistics (pesticide data and water quality requirements) have sharply increased the reporting burden on producers that are part of the existing area frame sample to support all of these survey needs. To disperse the respondent burden over a much larger number of farmers, the present sample size would be increased.

Because land use changes relatively slowly, it is not necessary to update the NASS area frame every year. Consequently, NASS updates the area frame for a few States each year with a goal that this will be done for every State at least every 10 years in order to maintain sampling efficiency and survey quality. Because of reduced resources during the past decade, this goal has not been met and the area frames for 22 States have not been updated during the past 10 years. The FY 1993 budget request would enable NASS to increase the annual number of States updated.

Nature of Change. This initiative provides the developmental and maintenance funding associated with the first year of a long-term plan for implementation of an enhanced area frame that will better serve agriculture. This request specifically provides the funds to: 1) construct and maintain new area frame samples and 2) provide more frequent updates of the NASS area frame.

- (f) An increase of \$900,000 for Restricted Use Pesticide Data (\$100,000 available in 1992).

Need for Change. Section 1491 of the Food, Agriculture, Conservation, and Trade Act of 1990 requires all certified applicators of restricted use pesticides to maintain records of usage. This section also requires that a survey of the applicators be conducted and that a published report on agricultural and nonagricultural pesticides be made available to Congress by April 1 of each year. Restricted use pesticide data are

currently not available for livestock, seed treatments, pastures, minor crops, forestry, and non-crop areas.

Nature of Change. This increase will enable NASS to conduct a survey that will provide information on pesticides used on the entire farm. Currently, all other pesticide surveys are crop specific and do not provide pesticide information on livestock, pastures, and other areas of the farm. This increase would also allow for the preparation of a more comprehensive report that will be presented to Congress each year. The 1992 funding will provide means to conduct only a pilot study of pesticide applicators in one State. The 1993 funding will permit NASS to expand the survey to other States and include whole farm pesticide use.

- (g) A decrease of \$400,000 for Forage and Commodity Statistics (\$4,062,000 available in 1992).

Need for change. A component of the FY 1992 NASS budget request was to place tree and vine inventory surveys for fruits and tree nuts on a regular 3- to 5-year rotational basis, thus improving production estimates. State and industry supplemental funding of this program has declined significantly in recent years, suggesting that full implementation of this program be delayed.

Nature of change. NASS will delay implementation of regular inventory surveys for trees and vines but will continue to conduct these surveys on the current intermittent basis as matching State and/or industry funding becomes available.

- (2) An increase of \$41,000 for statistical research and service consisting of:

- (a) An increase of \$41,000 for pay costs which consists of \$22,000 for the annualization of the fiscal year 1992 pay raise and \$19,000 for part of the costs of the fiscal year 1993 pay raise.

NATIONAL AGRICULTURAL STATISTICS SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Alabama.....	\$811,071	13	\$879,000	13	\$934,000	13
Alaska.....	129,512	2	141,000	2	148,000	2
Arizona.....	601,056	9	652,000	9	694,000	9
Arkansas.....	1,191,798	16	1,292,000	16	1,382,000	16
California.....	3,364,761	32	3,637,000	34	3,876,000	34
Colorado.....	972,583	14	1,055,000	15	1,120,000	15
Delaware.....	88,966	1	97,000	1	102,000	1
District of						
Columbia.....	28,923,847	349	31,285,000	369	32,457,000	369
Florida.....	1,282,971	18	1,391,000	19	1,478,000	19
Georgia.....	1,231,059	16	1,335,000	17	1,420,000	17
Hawaii.....	435,629	8	473,000	8	497,000	8
Idaho.....	988,219	15	1,104,000	16	1,173,000	16
Illinois.....	1,504,723	17	1,632,000	18	1,740,000	18
Indiana.....	1,191,710	16	1,292,000	17	1,379,000	17
Iowa.....	1,452,501	16	1,575,000	17	1,680,000	17
Kansas.....	1,454,280	17	1,577,000	18	1,679,000	18
Kentucky.....	941,404	14	1,020,000	15	1,084,000	15
Louisiana.....	1,032,884	13	1,120,000	14	1,195,000	14
Maryland.....	734,431	11	796,000	12	844,000	12
Michigan.....	1,293,370	19	1,417,000	20	1,508,000	20
Minnesota.....	1,524,175	18	1,652,000	19	1,760,000	19
Mississippi....	1,168,333	14	1,266,000	15	1,351,000	15
Missouri.....	1,321,808	17	1,433,000	18	1,526,000	18
Montana.....	731,616	11	794,000	12	844,000	12
Nebraska.....	1,359,545	18	1,475,000	19	1,571,000	19
Nevada.....	220,734	4	240,000	4	253,000	4
New Hampshire..	844,536	14	916,000	15	972,000	15
New Jersey.....	712,381	12	772,000	13	814,000	13
New Mexico.....	591,196	9	639,000	9	678,000	9
New York.....	1,370,221	15	1,485,000	15	1,579,000	15
North Carolina.	1,335,179	16	1,448,000	16	1,535,000	16
North Dakota...	958,382	15	1,039,000	16	1,107,000	16
Ohio.....	1,435,201	20	1,563,000	21	1,660,000	21
Oklahoma.....	937,748	13	1,017,000	14	1,085,000	14
Oregon.....	989,453	14	1,072,000	14	1,143,000	14
Pennsylvania...	1,022,671	15	1,109,000	16	1,181,000	16
South Carolina.	680,680	11	738,000	12	783,000	12
South Dakota...	960,291	14	1,041,000	14	1,107,000	14
Tennessee.....	937,638	13	1,017,000	14	1,082,000	14
Texas.....	2,762,273	28	2,963,000	29	3,158,000	29
Utah.....	500,437	9	542,000	9	575,000	9
Virginia.....	970,948	12	1,122,000	13	1,188,000	13
Washington.....	943,414	13	1,022,000	13	1,088,000	13
West Virginia..	421,196	7	456,000	7	484,000	7
Wisconsin.....	1,346,835	20	1,461,000	20	1,548,000	20
Wyoming.....	<u>543,052</u>	<u>9</u>	<u>589,000</u>	<u>9</u>	<u>625,000</u>	<u>9</u>
Subtotal,						
Available or						
Estimate.....	<u>76,216,718</u>	<u>976</u>	<u>82,641,000</u>	<u>1,026</u>	<u>87,087,000</u>	<u>1,026</u>
Unobligated						
Balance.....	<u>257,132</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Available						
or estimate...	<u>76,473,850</u>	<u>976</u>	<u>82,641,000</u>	<u>1,026</u>	<u>87,087,000</u>	<u>1,026</u>

PASSENGER MOTOR VEHICLES

The 1993 Budget Estimates propose the purchase of 1 additional motor vehicle and the replacement of 3 passenger motor vehicles.

The passenger motor vehicles of the National Agricultural Statistics Service are used (where common carrier or GSA vehicles are not feasible) for necessary field travel in carrying out the mission of the agency. All passenger motor vehicles are located at various field offices.

Additional passenger motor vehicle. The one additional passenger motor vehicle is for the NASS field offices. GSA has gradually closed many of its motor pool facilities making it more difficult for NASS personnel to obtain cars when needed. The use of common carrier is not feasible in carrying out the program of NASS.

Replacement of passenger motor vehicles. Replacement of 3 of the 11 vehicles now in operation is proposed. These 11 vehicles are located in 10 field locations and are necessary to meet the transportation requirements inherent in carrying out the agency's program. The vehicles proposed to be replaced will have passed the minimum replacement standards of 6 years of age or 60,000 miles prescribed by the General Services Administration.

Age and mileage data for motor vehicles on hand as of September 30, 1991, are as follows:

<u>Age-Year Model</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage (thousands)</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1987 or older	3	27	80-100	0	0
1988	3	27	60-80	1	9
1989	4	36	40-60	4	36
1990	0	0	20-40	5	46
1991	<u>1</u>	<u>9</u>	under 20	<u>1</u>	<u>9</u>
Total	11	100 a/	Total	11	100

a/ Column does not add because of rounding

WORLD AGRICULTURAL OUTLOOK BOARD

Purpose Statement

The World Agricultural Outlook Board (WAOB) was created by the Secretary of Agriculture on June 3, 1977, under the authority of the Reorganization Plan No. 2 of 1953. The WAOB serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture, and is responsible for coordination and clearance review of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The WAOB's primary objective is to improve the consistency, objectivity and reliability of outlook and situation material developed in the Department.

WAOB functions include: information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; and coordination of weather, climate and remote sensing activities.

The WAOB is located in Washington, D.C. As of September 30, 1991, there were 27 full-time employees and 1 part-time employee. Budget, personnel, administrative and general managerial support are provided by the Economics Management Staff.

WORLD AGRICULTURAL OUTLOOK BOARD

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

Item	1991		1992		1993	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
World Agricultural Outlook Board.....	\$2,195,971	27	\$2,367,000	33	\$2,516,000	33
<u>Obligations under Other USDA appropriations:</u>						
Agricultural Stabilization and Conservation Service for World Perspectives....	474	--	--	--	--	--
Foreign Agricultural Service for World Perspectives.....	474	--	--	--	--	--
Economic Research Service for Annual Outlook Conference.....	35,760	--	26,000	--	26,000	--
Extension Service for Annual Outlook Conference.	17,174	--	17,000	--	17,000	--
Foreign Agricultural Service for Annual Outlook Conference.....	8,587	--	8,500	--	8,500	--
Total, Other USDA Appropriations.....	62,469	--	51,500	--	51,500	--
Total, Agriculture Appropriations.....	2,258,440	27	2,418,500	33	2,567,500	33
<u>Other Federal Funds:</u>						
National Oceanic and Atmospheric Admin., USDC for publication costs:	1,500	--	1,500	--	1,500	--
Total, Other Federal Funds.....	1,500	--	1,500	--	1,500	--
Total, World Agricultural Outlook Board.....	2,259,940	27	2,420,000	33	2,569,000	33
Full-Time Equivalent Staff-Years:	1991 Actual		1992 Estimated		1993 Estimated	
Ceiling.....	27		33		33	
Non-Ceiling.....	--		--		--	
Total.....	<u>27</u>		<u>33</u>		<u>33</u>	

WORLD AGRICULTURAL OUTLOOK BOARD

Permanent Positions by Grade and Staff-Year Summary

1991 and Estimated 1992 and 1993

Grade	1991 Headquarters	1992 Headquarters	1993 Headquarters
ES-4.....	2	2	2
Pay Reform Act (16, 17, 18).....	--	1	1
GS/GM-15.....	10	10	10
GS/GM-14.....	2	2	2
GS/GM-13.....	5	5	5
GS-12.....	2	2	2
GS-11.....	1	1	1
GS-10.....	1	1	1
GS-9.....	1	1	1
GS-7.....	3	3	3
GS-6.....	1	1	1
GS-5.....	2	2	2
GS-4.....	1	1	1
GS-3.....	1	1	1
Total Permanent Positions.....	32	33	33
Unfilled Position.. end-of-year.....	-5	--	--
Total, Permanent Employment, end- of-year.....	27	33	33
Staff-Years:			
Ceiling... ..	27	33	33
Non-Ceiling.....	--	--	--
Total.....	27	33	33

WORLD AGRICULTURAL OUTLOOK BOARD

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters.....	\$1,438,148	\$1,557,829	\$1,622,846
Field.....	<u>--</u>	<u>--</u>	<u>--</u>
11 Total personnel compensation.....	1,438,148	1,557,829	1,622,846
12 Personnel benefits.....	<u>200,154</u>	<u>228,936</u>	<u>240,919</u>
Total pers. comp. & benefits.....	1,638,302	1,786,765	1,863,765
Other Objects:			
21 Travel.....	30,344	40,000	40,000
22 Transportation of things.....	1,039	1,091	1,091
23.3 Communications, utilities, and misc. charges.....	60,981	64,031	64,031
24 Printing and reproduction.....	33,945	35,643	35,643
25 Other services.....	177,606	197,408	254,408
26 Supplies and materials.....	49,159	51,617	51,617
31 Equipment.....	185,177	190,366	205,366
43 Interest and dividends.....	<u>75</u>	<u>79</u>	<u>79</u>
Total other objects.....	<u>538,326</u>	<u>580,235</u>	<u>652,235</u>
Total direct obligations...	<u>2,176,628</u>	<u>2,367,000</u>	<u>2,516,000</u>
Position Data:			
Average Salary, ES positions.....	\$100,500	\$100,500	\$100,500
Average Salary, GM/GS positions.....	\$47,087	\$48,781	\$50,067
Average Grade, GM/GS positions.....	11.4	11.4	11.5

WORLD AGRICULTURAL OUTLOOK BOARD

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

World Agricultural Outlook Board:

For necessary expenses of the World Agricultural Outlook Board to coordinate and review all commodity and aggregate agricultural and food data used to develop outlook and situation material within the Department of Agriculture, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), [2,367,000] \$2,516,000:
Provided, That this appropriation shall be made available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

WORLD AGRICULTURAL OUTLOOK BOARD

SALARIES AND EXPENSES

Appropriations Act, 1992	\$2,367,000
Budget Estimate, 1993.....	<u>2,516,000</u>
Increase in Appropriation	<u>+149,000</u>

Summary of Increase
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Costs</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Automated Supply/Demand Estimate Data Base.....	--	--	+\$60,000	+\$60,000
All Other.....	\$2,367,000	+\$89,000	--	2,456,000
Total Available.....	<u>2,367,000</u>	<u>+89,000</u>	<u>+60,000</u>	<u>2,516,000</u>

Project Statement
(On basis of appropriation)

<u>Project</u>	<u>1991 Actual</u> : Amount : : Staff : : Years :	<u>1992 Estimated</u> : Amount : : Staff : : Years :	<u>Increase</u>	<u>1993 Estimated</u> : Amount : : Staff : : Years :
1. Commodity and Aggre- gate Agri- cultural and: Food Outlook: and Situa- tion.....	\$2,176,628 : 27	\$2,367,000 : 33	+\$149,000	\$2,516,000 : 33
Unobligated balance.....	19,343 : --	-- : --	--	-- : --
Total, Avail- able or Estimate.....	2,195,971 : 27	2,367,000 : 33	+149,000	2,516,000 : 33
Gramm-Rudman Reduction.....	+29 : --			
Total, Appropriation..	<u>2,196,000 : 27</u>			

EXPLANATION OF PROGRAM

The World Agricultural Outlook Board (WAOB) coordinates and reviews for clearance all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the U.S. Department of Agriculture. The WAOB provides a focal point for the Nation's economic intelligence relative to domestic and international food and agriculture, with two primary objectives: improving the consistency, objectivity, and reliability of outlook and situation material being disseminated to the public; and integrating and coordinating USDA domestic and international economic information assistance. In a cooperative effort with the National Oceanic and Atmospheric Administration, the WAOB operates the Joint Agricultural Weather Facility which provides a daily review of significant weather developments around the world and their implications for agriculture. The WAOB's functions include market surveillance; coordination of assessments of international and domestic agricultural developments; weather, climate and remote sensing coordination; and forecasting techniques and information dissemination.

JUSTIFICATION OF INCREASES

(1) An increase of \$149,000 for Commodity and Aggregate Agricultural and Food Outlook and Situation consisting of:

(a) A total increase of \$89,000 for pay cost expenses, consisting of \$20,000 for the annualization of the 1992 pay raise and \$69,000 for the 1993 pay raise.

(b) An increase of \$60,000 to develop an automated data system for supply and demand estimates (\$0 available in FY 1992).

Need for Change. This data system initiative would permit evaluation and improvement of estimates prepared for public distribution, as well as for use in program analysis and CCC budget estimation by the Department. The proposal also directly responds to recommendations made by GAO in three separate reports that WAOB establish a system.

The data used to generate each month's World Agricultural Supply and Demand Estimates report is stored only until it is replaced by the following month's forecasts. Thus, this data is not available in electronic format for analytical purposes and reliability statistics cannot be efficiently calculated for the forecasts generated each month.

Nature of Change. This initiative focuses on the data base and automation requirements needed to support a cost-effective forecast evaluation system. With the data, software, networking and mass data storage devices provided through this request, the Board can build a cost-effective forecast evaluation system. A supply/demand data base containing monthly forecast history and country level detail will enable USDA to evaluate its forecasts and to establish and publish a more detailed track record. Though frequently requested to provide this information, USDA has been unable to respond adequately.

Completion of this initiative will have the additional benefit of automating the final preparation and assembly of the World Agricultural and Supply and Demand Estimates report, which is produced in lock-up. Over time, this process has evolved in a piecemeal fashion and has become increasingly dependent on a few essential personnel for successful completion. Simplifying and streamlining the physical preparation of this report will free commodity analysts for commodity-oriented work and greatly diminish the potential for failure to meet the report deadline.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS

1991 and Estimated 1992 and 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia	\$2,176,628	27	\$2,367,000	33	\$2,516,000	33
Unobligated balance..	19,343	--	--	--	--	--
Total Available or Estimate.....	2,195,971	27	2,367,000	33	2,516,000	33

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Purpose Statement

The Office Of International Cooperation and Development (OICD) was established by Secretary's Memorandum No. 1947 of May 1, 1978. OICD was given responsibility for technical assistance, international training and development programs, management of international organizational affairs, and scientific exchanges. OICD's functions were expanded by Secretary's Memorandum No. 1988, of October 26, 1979, which delegated to the Agency authority for international cooperative research. In August 1986, OICD was provided authority to disseminate information to the U.S. private sector on foreign market and investment opportunities.

OICD's mission is to help the total U.S. Department of Agriculture, other Federal agencies, and associated institutions, industries, and organizations with global responsibilities to serve worldwide human needs by strengthening food and agricultural systems in developing countries and, at the same time, strengthen U.S. agriculture's international competitiveness and leadership through collaborative programs.

OICD's program objectives are:

- 1) To establish systems that allow U.S. agriculture's continuing access to technology and genetic material worldwide;
- 2) To establish systems that encourage U.S. agriculture scientists and institutions to be involved in global programs that are on the cutting edge of technology and of economic and policy debate;
- 3) To mobilize expertise to help other countries move toward strong market and trade-oriented economies, via development efforts in food and agricultural systems that increase incomes among the poor majority, expand the availability and consumption of food, and maintain or enhance the natural resource base;
- 4) To serve the interests of U.S. agriculture and citizenry through international organizations related to food and agriculture;
- 5) To link with and support the private sector and other public and private institutions in those responsibilities where they can best play the major role; and
- 6) To help other Federal agencies carry out their global missions by tapping USDA and other institutional expertise and resources.

As of September 30, 1991, there were 135 permanent full-time employees (131 in headquarters and 4 on resident assignments overseas) and 55 other employees (50 in headquarters and 5 on resident assignments overseas.)

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

	1991 Actual	1992 Estimated	1993 Estimated
Amount	Staff Years	Amount	Staff Years
Salaries and Expenses.....	\$6,878,669 : 67	\$7,247,000 : 67	\$6,491,000 : 62
Scientific Activities Overseas (Foreign Currency Research).....	1,061,986 : --	-- : --	-- : --
Obligations under other USDA appropriations: ERS, FSIS, for Liaison with International Organizations.....	125,000 : --	-- : --	-- : --
SCS for Scientific & Technical Exchanges.....	55,170 : --	60,000 : --	60,000 : --
ARS for Admin. of Internat'l Research.....	651,446 : --	600,000 : --	600,000 : --
Total, Agriculture Appropriations.....	8,772,271 : 67	7,907,000 : 67	7,151,000 : 62
Other Federal Funds: Agency for International Development, for foreign nationals' training and development assistance...	26,084,110 : 113	29,040,000 : 113	29,040,000 : 118
USAF and State Dept. for Admin. of Int'l. Resrch..	312,120 : --	300,000 : --	300,000 : --
Total, Other Federal Funds.....	26,396,230 : 113	29,340,000 : 113	29,340,000 : 118
Non-Federal Funds: Contributions for USDA development assistance, training, and research (Spain, Venezuela, Saudi Arabia, international organizations).....	2,599,589 : --	3,500,000 : --	3,500,000 : --
Total, Office of International Cooperation: and Development.....	37,768,090 : 180	40,747,000 : 180	39,991,000 : 180

Full-Time Equivalent
Staff-Years:

	1991 Actual	1992 Estimated	1993 Estimated
Ceiling.....	180	180	180
Non-ceiling.....	5	5	5
Total.....	185	185	185

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT
Permanent Positions by Grade and Staff-Year Summary

1991 and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-6		1	1		1	1		1	1
ES-5									
ES-3									
ES-2									
ES-1					1	1		1	1
GS/GM-15									
GS/GM-14	11		11		11	11		11	11
GS/GM-13	24		24		24	24		24	24
	25		25		25	25		25	25
GS-12	11		11		11	11		11	11
GS-11	11		11		11	11		11	11
GS-10	1		1		1	1		1	1
GS-9	11		11		11	11		11	11
GS-8	3		3		3	3		3	3
GS-7	23		23		23	23		23	23
GS-6	7		7		7	7		7	7
GS-5	5		5		5	5		5	5
Other Graded Positions....	2	3	5		3	5		2	5
Total Permanent Positions....	134	4	138		136	139		136	139
Staff Years:									
Ceiling.....	171	9	180		171	180		171	180
Non-ceiling...	4	1	5		4	5		4	5
TOTAL.....	175	10	185		175	185		175	185

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

CLASSIFICATION BY OBJECTS

1991 Actual and Estimated 1992 and 1993

	1991 ----	1992 ----	1993 ----
Personnel Compensation:			
Headquarters.....	\$ 2,775,474	\$ 2,968,947	\$ 2,893,902
Field.....	46,380	0	0
	-----	-----	-----
11 Total personnel compensation.....	2,821,854	2,968,947	2,893,902
12 Personnel benefits....	492,275	556,876	542,800
Total pers. comp. & benefits.....	----- 3,314,129	----- 3,525,823	----- 3,436,702
Other Objects:			
21 Travel.....	618,947	492,274	403,558
22 Transportation of things.....	19,350	20,420	20,420
23.2 Rental payments to others.....	0	0	0
23.3 Communications, utilities, and misc. charges.....	168,096	228,426	189,414
24 Printing and reproduction.....	45,548	46,180	37,510
25 Other services.....	1,846,333	1,971,674	1,528,140
26 Supplies and materials.....	102,889	101,005	78,905
31 Equipment.....	152,404	81,198	61,552
41 Grants.....	610,973	780,000	734,799
	-----	-----	-----
Total other objects...	3,564,540	3,721,177	3,054,298
	-----	-----	-----
Total direct obligations.....	6,878,669 =====	7,247,000 =====	6,491,000 =====
Position Data:			
Average Salary, ES positions.....	\$95,300	\$98,600	\$98,600
Average Salary, GM/GS positions.....	\$35,874	\$37,383	\$38,766
Average Grade, GM/GS positions.....	10.9	10.9	10.9

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (new language underscored; deleted language enclosed in brackets).

Salaries and Expenses:

For necessary expenses of the Office of International Cooperation and Development to coordinate, plan, and direct activities involving international development, technical assistance and training, and international scientific and technical cooperation in the Department of Agriculture, including those authorized by the Food and Agriculture Act of 1977 (7 U.S.C. 3291), [~~\$7,247,000~~] \$6,491,000: Provided, That not to exceed \$3,000 of this amount shall be available for official reception and representation expenses as authorized by U.S.C. 1766: [Provided further, That in addition, funds available to the Department of Agriculture shall be available to assist an international organization in meeting the costs, including salaries, fringe benefits and other associated costs, related to the employment by the organization of Federal personnel that may transfer to the organization under the provisions of 5 U.S.C. 3581-3584, or of other well-qualified United States citizens, for the performance of activities that contribute to increased understanding of international agricultural issues, with transfer of funds for this purpose from one appropriation to another or to a single account authorized, such funds remaining available until expended:] Provided further, That the Office may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements pursuant to the agricultural food production assistance programs (7 U.S.C. 1736) and the foreign assistance programs of the International Development Cooperation Administration (22 U.S.C. 2392).

This change proposes deletion of the language included in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1992, authorizing funds for the Associate Professional Officers program. No new Associate Professional Officers will be appointed during fiscal year 1993.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

Appropriation Act, 1992.....	\$7,247,000
Budget Estimate, 1993.....	<u>6,491,000</u>
Decrease in Appropriation.....	<u>-756,000</u>
	=====

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1992 Estimated	Pay Costs	Program Changes	1993 Estimated
Scientific Exchanges.....	\$1,939,000	+\$25,000	-\$233,000	\$1,731,000
Administration of International Research...	1,545,000	+29,000	-167,000	1,407,000
USDA Liaison with Inter- national Organizations...	896,000	+15,000	-308,000	603,000
Targeted Development.....	480,000	+3,000	-52,000	431,000
Middle-Income Country Training.....	1,824,000	+3,000	-3,000	1,824,000
Operation FAST.....	563,000	+12,000	-80,000	495,000
Total Available.....	<u>7,247,000</u>	<u>+87,000</u>	<u>-843,000</u>	<u>6,491,000</u>
	=====	=====	=====	=====

PROJECT STATEMENT

(On basis of appropriation)

Project	1991 Actual		1992 Estimated		Increase or Decrease	1993 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. International Scientific and Technical Cooperation:							
a. Scientific Exchanges.....	\$1,857,912	20	\$1,939,000	20	-\$208,000	\$1,731,000	20
b. Administration of International Research.....	1,451,928	23	1,545,000	23	-138,000	1,407,000	22
c. Liaison with Interna- tional Organizations:	851,959	11	896,000	11	-293,000	603,000	11
Total, International Scientific and Technical Cooperation...	4,161,799	54	4,380,000	54	-639,000 (1)	3,741,000	53
2. International Agricul- tural Development:							
a. Targeted Development.....	471,979	2	480,000	2	-49,000	431,000	2
b. Middle-Income Country Training...	1,735,915	2	1,824,000	2	--	1,824,000	2
Total, International Agricultural Development..	2,207,894	4	2,304,000	4	-49,000 (2)	2,255,000	4
3. Financial and Admin- istrative Systems Tracking (FAST)	508,976	9	563,000	9	-68,000 (3)	495,000	5
Unobligated Balance....	242		0		--	0	
Total Available or Estimate: Gramm, Rudman, Hollings Reduction.....	6,878,911	67	7,247,000	67	-756,000	6,491,000	62
	89	--					
Total Appropriation.....	6,879,000	67					

EXPLANATION OF PROGRAM

The appropriation for the Office of International Cooperation and Development is used to develop, implement, and evaluate USDA's policies and programs for agricultural cooperation and development throughout the world.

International Scientific and Technical Cooperation

Scientific Exchanges. USDA maintains scientific and technical exchange programs with foreign governments and research institutions, as authorized by Section 1436 of the Agriculture and Food Act of 1981. These activities include the exchange of agricultural data and the collection of exotic germplasm and biological materials which have the potential to improve U.S. crops, forestry, and livestock. These exchanges also strengthen the role of science and technology in the efforts to stabilize world food supplies and to use world resources more efficiently. Costs are shared by OICD and participating entities.

International Research. OICD manages the Department's international research activities in cooperation with various USDA agencies, U.S. agricultural institutions, and foreign research institutions. These collaborative research efforts yield information valuable for the protection of U.S. agriculture from foreign pests and diseases, for increasing domestic productivity, and for reducing the threat of hunger and malnutrition overseas.

Research is undertaken through a variety of binational agreements and funding mechanisms, including the United States' treaty with Spain and the U.S.-Israel Binational Agriculture Research and Development Fund. Under Section 1436 of the Agriculture and Food Act of 1981, OICD fosters participation of U.S. land-grant colleges in research abroad.

International Organizations. OICD coordinates USDA's and the U.S. Government's participation in approximately 30 international organizations concerned with food, agriculture, and rural development. OICD represents USDA in the organizations' planning, advances U.S. interests, protects U.S. agriculture, and organizes U.S. delegations to international agricultural conferences.

International Agricultural Development

Targeted Development. The major purpose of these programs is to help increase global consumption of nutritious food, thereby serving both a humanitarian role in target countries and a long-term market expansion role. OICD's activities include review of P.L. 480 food aid proposals, and the agency's Agricultural Information Center serves as a central point of contact for inquiries from the private sector and developing countries on trade and investment opportunities in the Caribbean region.

Middle-Income Country Training Program. OICD manages this program for the training of mid-and upper-level managers from emerging democracies and countries which no longer qualify for U.S. foreign economic assistance programs. OICD's program aims to establish and maintain contacts with officials in these countries and to nurture opportunities for trade with the United States.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease of \$639,000 for International Scientific and Technical Cooperation (\$4,380,000 available in FY 1992) consisting of:

(a) An increase of \$69,000 for pay costs which consists of \$29,200 for the annualization of the Fiscal Year 1992 pay raise and \$39,800 for 50 percent of the Fiscal Year 1993 pay raise.

(b) A decrease of \$233,000 for exchange programs.

Need for change. In an era of fiscal constraints, scarce resources and competing priorities necessitate a reduction in this program.

Nature of Change. There will be a reduction in the number of exchange teams supported and the associated travel and subsistence costs, as well as a reduction in contracts entered into in support of various exchanges. Costs related to administrative support for the exchanges, such as telecommunications, mail services, and document processing, will also be reduced.

(c) A decrease of \$167,000 for administration of international research.

Need for change. In an era of fiscal constraints, scarce resources and competing priorities necessitate a reduction in this program.

Nature of Change. There will be a reduction in the number of collaborative research projects funded, as well as a reduction in administrative support for the research program, such as telecommunications, mail services, and document processing.

(d) A decrease of \$308,000 for liaison with international organizations.

Need for change. In an era of fiscal constraints, scarce resources and competing priorities necessitate a reduction in this program.

Nature of change. The Associated Professional Officers program will be terminated, and there will be a reduction in liaison activities with international organizations. Administrative support of these activities, such as telecommunications, mail services, and document processing, will also be reduced.

(2) A net decrease of \$49,000 for International Agricultural Development (\$2,304,000 available in FY 1992) consisting of:

(a) An increase of \$6,000 for pay costs which consists of \$2,539 for the annualization of the Fiscal Year 1992 pay raise and \$3,461 for 50 percent of the Fiscal Year 1993 pay raise.

(b) A decrease of \$52,000 for Targeted Development.

Need for change. In an era of fiscal constraints, scarce resources and competing priorities necessitate a reduction in this program.

Nature of Change. There will be a decrease in travel and contractual services in support of efforts to increase private sector development, especially in the Caribbean Basin, and in the work of the Agricultural Information Center.

(c) A decrease of \$3,000 for Middle-Income Country Training.

Need for change. The program will be maintained at the same level in Fiscal Year 1993 as in Fiscal Year 1992.

Nature of Change. The number of program participants will remain approximately the same in Fiscal Year 1993 as in Fiscal Year 1992.

(3) A net decrease of \$68,000 for Operation FAST (\$563,000 available in FY 1992) consisting of:

- (a) An increase of \$12,000 for pay costs which consists of \$5,078 for the annualization of the Fiscal Year 1992 pay raise and \$6,922 for 50 percent of the Fiscal Year 1993 pay raise.
- (b) A decrease of \$80,000 for OICD's Financial and Administrative Systems Tracking effort.

Need for change. In an era of fiscal constraints, scarce resources and competing priorities necessitate a reduction in this program.

Nature of Change. Savings will be achieved due to the successful completion of the effort to integrate OICD systems with the Department's Local Area Network. Additional savings will be achieved in stretching out systems development and software procurement.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1991 and Estimated 1992 and 1993

	1991		1992 Estimated		1993 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
District of Columbia.....	\$6,878,669	67	\$7,247,000	67	\$6,491,000	62

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (deleted language enclosed in brackets).

[Scientific Activities Overseas (Foreign Currency Program)]

[For payments in foreign currencies owed to or owned by the United States for research activities authorized by section 104(c)(7) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(c)(7)), not to exceed \$1,062,000: Provided, That not to exceed \$25,000 of these funds shall be available for payments in foreign currencies for expenses of employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), as amended by 5 U.S.C. 3109.]

This change deletes the language providing for the continuation of this program, with an obligation limitation, since the 1993 budget proposes no new funding for the program. Research projects already underway will continue until completed.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SCIENTIFIC ACTIVITIES OVERSEAS

CLASSIFICATION BY OBJECTS

1991 Actual and Estimated 1992 and 1993

	1991	1992	1993
	----	----	----
Personnel Compensation:			
Headquarters.....	--	--	--
Field.....	--	--	--
	-----	-----	-----
11 Total personnel compensation.....	--	--	--
12 Personnel benefits....	--	--	--
Total pers. comp. & benefits.....	-----	-----	-----
	--	--	--
Other Objects:			
21 Travel.....	\$150,983	0	0
22 Transportation of things.....	0	0	0
23.2 Rental payments to others.....	0	0	0
23.3 Communications, utilities, and misc. charges.....	2,001	0	0
24 Printing and reproduction.....	0	0	0
25 Other services.....	998	0	0
26 Supplies and materials.....	0	0	0
31 Equipment.....	0	0	0
41 Grants.....	1,198,861	0	0
	-----	-----	-----
Total other objects...	1,352,843	0	0
	-----	-----	-----
Total direct obligations.....	1,352,843	0	0
	=====	=====	=====

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SCIENTIFIC ACTIVITIES OVERSEAS

Appropriation Act Obligational Limitation, 1992.....	\$1,062,000
Budget Estimate, 1993.....	--
Decrease in Obligational Limitation.....	<u>-1,062,000</u>
	=====

SUMMARY OF INCREASES AND DECREASES

(On basis of obligational limitation)

Item of Change	1992 Estimated	Program Changes	1993 Estimated
Agricultural Research.....	\$1,062,000	-\$1,062,000	--

PROJECT STATEMENT

(On basis of appropriation/obligational limitation)

Project	1991 Actual		1992 Estimated		Increase or Decrease	1993 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
1. Market Develop- ment Research.....	\$106,199	--	--	--	--	--	--
2. Agriculture and Forestry Research....	955,787	--	\$1,062,000	--	-\$1,062,000	--	--
Total Appropriation/ Obligational Limitation	1,061,986	--	1,062,000	--	-\$1,062,000 (1)	--	--

The following table reflects carryover into succeeding years of actual or estimated prior year balances and shows total actual or planned obligations.

PROJECT STATEMENT
(On basis of available funds)

Project	1991 Actual		1992 Estimated		Increase or Decrease	1993 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
1. Market Develop- ment Research.....	\$135,284	--	--	--	--	--	--
2. Agriculture and Forestry Research....	1,217,559	--	--	--	--	--	--
Total Obligations....	1,352,843	--	--	--	--	--	--
Unobligated balance, start of year.....	-290,857	--	-\$60,000	--	--	-\$60,000	--
Adjustments and other income.....	-60,000	--	--	--	--	--	--
Unobligated balance, end of year.....	60,000	--	60,000	--	--	60,000	--
Total Appropriation..	1,061,986	--	--	--	--	--	--

EXPLANATION OF PROGRAM

Authorized by P.L. 480 as amended, USDA uses foreign currencies to support research on problems of mutual interest to the United States and participating foreign countries.

Research is conducted abroad through grants negotiated with foreign institutions. Project selection is based on relevance to U.S. agricultural concerns: for example, preventing the incursion of animal diseases or insect pests into American agriculture; or developing plants that are more productive, drought tolerant, or disease resistant. The research also develops markets for American agricultural products and equipment, adds to our knowledge of the environment and cuts the costs of valuable research.

OICD represents USDA in this activity, with funds allotted as intergovernmental fund transfers when grant awards are obligated for research in foreign countries.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease in the obligational limitation of \$1,062,000 (\$1,062,000 available in 1992).

Need for Change. No foreign currencies were made available under the provisions of 7 U.S.C. 1704(c)(7), as amended, in 1992, and none are to be made available in 1993. Projects which began in 1991 and earlier will continue until completed.

Nature of Change. No new project grants will be awarded. Support for overseas research in Agriculture will continue in other Federal programs.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1991 and Estimated 1992 and 1993

1991		1992 Estimated		1993 Estimated	
Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Scientific Activities Overseas.....	\$1,352,843	--	--	--	--

FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690, approved August 28, 1954, transferred the agricultural attaches from the Department of State to the Foreign Agricultural Service.

The agency performs the following kinds of service functions:

It maintains a worldwide agricultural market intelligence and commodity reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is done through a continuous program of reporting by 78 posts located throughout the world covering some 117 countries. Reporting includes information and/or data on foreign government policies, analysis of supply and demand conditions, commercial trade relationships and market opportunities. Advanced computer and telecommunications technology is used to improve and speed the flow of information between the posts and Washington.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attache reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service uses advanced techniques for identifying, delineating and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer aided analysis of satellite, meteorological, agricultural and related data.

The Service develops foreign markets for U.S. farm products through effective market expansion activities. It provides services to the U.S. and foreign agricultural trade sectors that are necessary to establish, build and maintain overseas markets for U.S. agricultural products. The Agricultural Trade Act of 1978 includes authority to establish up to 25 Agricultural Trade Offices. Currently 15 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups and state export marketing officials in trade promotion.

The Service initiates, directs and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices of other countries that hinder U.S. agricultural exports to third markets.

Headquarters of the Service is in Washington, D.C. Work of the Service is also carried out in 78 posts around the world. As of September 30, 1991, there were 874 permanent full-time employees, 606 in headquarters and 268 in field locations abroad.

FOREIGN AGRICULTURAL SERVICE

Available Funds and Staff-Years1991 Actual and Estimated, 1992 and 1993

Item	1991		1992		1993	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Foreign Agricultural Service	\$105,547,000	734	\$110,523,000	751	\$109,789,000	751
Obligations under other USDA appropriations:						
Agricultural Marketing Service for Cotton Research.....	18,560	--	19,000	--	19,000	--
Commodity Credit Corporation for:						
Landsat Data and support of export programs.....	2,200,000	2	2,200,000	2	2,200,000	2
ADP services.....	708,306	--	700,000	--	750,000	--
Emerging Democracies program.....	227,500	--	2,000,000	--	5,000,000	--
General Sales Manager.....	7,803,000	137	9,071,000	145	8,782,000	145
Economic Research Service for Foreign Publication						
Procurement Program	3,780	--	3,000	--	4,000	--
Departmental Administration for:						
Advisory Committees	162,334	--	177,000	--	210,000	--
Reimbursable Detail	28,000	--	130,000	--	--	--
Transfer from suspense account....	113,806	--	--	--	--	--
Total, Other USDA Appropriations.....	11,265,286	139	14,300,000	147	16,965,000	147
Total, Agriculture Appropriations.....	116,812,286	873	124,823,000	898	126,754,000	898

Continued

Item	1991		1992		1993	
	Actual		Estimated		Estimated	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Non-Federal Funds:						
Information Circulars.....	250,155	--	250,000	--	250,000	--
User Fees for Attache Reports.....	77,874	--	78,000	--	78,000	--
User Fees for AIMS Trade Leads....	44,555	--	45,000	--	45,000	--
User Fees for Computer Time and Files.....	2,890	--	3,000	--	3,000	--
Total, Non-Federal Funds.....	375,474	--	376,000	--	376,000	--
Total, Foreign Agricultural Service..	117,187,760	873	125,199,000	898	127,130,000	898
Full-Time Equivalent Staff-Years:	1991 Actual		1992 Estimated		1993 Estimated	
Ceiling.....	873		898		898	
Non-ceiling.....	8		8		8	
Total.....	881		906		906	

FOREIGN AGRICULTURAL SERVICE

Permanent Positions by Grade and Staff-Year Summary1991 and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Head- Quarters	Field	Total	Head- Quarters	Field	Total	Head- Quarters	Field	Total
ES-6	1	--	1	1	--	1	1	--	1
ES-5	4	--	4	4	--	4	4	--	4
ES-1	3	--	3	3	--	3	3	--	3
GS/GM-15	25	--	25	25	--	25	25	--	25
GS/GM-14	50	--	50	50	--	50	50	--	50
GS/GM-13	90	--	90	90	--	90	90	--	90
GS/GM-12	95	--	95	101	--	101	101	--	101
GS/GM-11	46	--	46	52	--	52	52	--	52
GS-10	1	--	1	1	--	1	1	--	1
GS-09	38	--	38	45	--	45	45	--	45
GS-08	13	--	13	13	--	13	13	--	13
GS-07	54	--	54	54	--	54	54	--	54
GS-06	48	--	48	48	--	48	48	--	48
GS-05	21	--	21	27	--	27	27	--	27
GS-04	15	--	15	15	--	15	15	--	15
GS-03	4	--	4	4	--	4	4	--	4
GS-02	1	--	1	1	--	1	1	--	1
Other									
Graded									
Positions:	98	118	216	98	118	216	98	118	216
Ungraded									
Positions:	2	153	155	2	153	155	2	153	155
Total Per-									
manent									
Positions:	609	271	880	634	271	905	634	271	905
Staff-									
Years:									
Ceiling:	613	260	873	638	260	898	638	260	898
Non-									
Ceiling:	8	0	8	8	0	8	8	0	8
Total...	621	260	881	646	260	906	646	260	906

FOREIGN AGRICULTURAL SERVICE

CLASSIFICATION BY OBJECTS1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
Personnel Compensation:			
Headquarters	\$25,461,755	\$26,616,000	\$27,415,000
Field	<u>17,729,703</u>	<u>18,503,000</u>	<u>20,224,000</u>
11 Total personnel compensation	35,193,308	36,724,000	38,822,000
12 Personnel benefits ...	7,763,021	8,140,000	8,511,000
13 Benefits for former personnel	<u>235,129</u>	<u>255,000</u>	<u>306,000</u>
Total pers. comp. & benefits	<u>43,191,458</u>	<u>45,119,000</u>	<u>47,639,000</u>
Other Objects:			
21 Travel	3,364,553	3,531,000	3,604,000
22 Transportation of things	1,140,419	1,154,000	1,156,000
23.2 Rental payments to others	5,506,014	5,806,000	6,319,000
23.3 Communications, utilities, and misc. charges	2,580,051	2,704,000	2,817,000
24 Printing and reproduction	1,156,584	1,161,000	1,164,000
25 Other services	44,888,584	46,160,000	43,423,000
26 Supplies and materials	1,524,981	1,600,000	1,632,000
31 Equipment	1,725,724	3,079,000	1,826,000
42 Insurance claims and indemnities	<u>208,859</u>	<u>209,000</u>	<u>209,000</u>
Total other objects ..	<u>62,095,769</u>	<u>65,404,000</u>	<u>62,150,000</u>
Total direct obligations	<u>\$105,287,227</u>	<u>\$110,523,000</u>	<u>\$109,789,000</u>

Position Data:

Average Salary, ES positions	\$98,463	\$101,909	\$105,475
Average Salary, FO positions	\$59,829	\$62,342	\$64,649
Average Salary, GM/GS positions	\$37,272	\$38,837	\$40,274
Average Grade, GM/GS positions	10.4	10.4	10.4

FOREIGN AGRICULTURAL SERVICE

The estimates include appropriation language for this items as follows (new language underscored; deleted matter enclosed in brackets):

Foreign Agricultural Service:

For necessary expenses of the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954, as amended (7 U.S.C. 1761-1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$125,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), [~~\$110,023,000~~] \$109,789,000: Provided, That this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.

[Ameri Flora '92 Exposition]

- 1 [To enable the Secretary to meet any extra expenses of participating in the planning, organizing and carrying out of the Ameri Flora '92 Exposition, the first international horticulture and environment exposition to be held in the United States, \$500,000 as authorized by section 1472 of the Food and Agriculture Act of 1977, as amended (7 U.S.C. 3318), to remain available until expended.]
- 1 This change proposes deletion of the language included in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1992, making funds available to the Secretary to support the Ameri Flora '92 Exposition. As this is a non-recurring event, this language is no longer necessary.

FOREIGN AGRICULTURAL SERVICE

Appropriation Act, 1992	\$110,523,000
Budget Estimate, 1993	<u>109,789,000</u>
Decrease in Appropriation	<u>-734,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Foreign Agricultural Affairs .	\$34,324,000	+ \$247,000	+\$2,353,000	\$36,924,000
Foreign Market Information and Access	18,565,000	+ 268,000	-2,535,000	16,298,000
Foreign Market Development ...	57,134,000	+ 172,000	-739,000	56,567,000
Ameri Flora '92 Exposition ...	<u>500,000</u>	<u>--</u>	<u>-500,000</u>	<u>--</u>
Total Available	<u>110,523,000</u>	<u>+ 687,000</u>	<u>-1,421,000</u>	<u>109,789,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase</u>	<u>1993 Estimated</u>
	<u>:Staff-:</u>	<u>:Staff-:</u>	<u>or</u>	<u>:Staff-:</u>
	<u>:Amount :Years:</u>	<u>:Amount :Years:</u>	<u>Decrease</u>	<u>:Amount :Years:</u>
1. Foreign :	:	:	:	:
Agricul-:	:	:	:	:
tural :	:	:	:	:
Affairs..:	\$32,723,634: 301	\$34,324,000: 304	+\$2,600,000(1)	\$36,924,000: 304
2. Foreign :	:	:	:	:
Market :	:	:	:	:
Infor- :	:	:	:	:
mation :	:	:	:	:
and :	:	:	:	:
Access...:	16,484,551: 250	18,565,000: 252	- 2,267,000(2)	16,298,000: 252
3. Foreign :	:	:	:	:
Market :	:	:	:	:
Develop-:	:	:	:	:
ment....:	55,579,042: 183	57,134,000: 195	-567,000(3)	56,567,000: 195
4. Ameri :	:	:	:	:
Flora :	:	:	:	:
'92 :	:	:	:	:
Expo- :	:	:	:	:
sition..:	500,000: --	500,000: --	-500,000(4)	--: --
Unobligated :	:	:	:	:
balance....:	259,401:	--:	--	--:
Total :	:	:	:	:
available :	:	:	:	:
or :	:	:	:	:
estimate...:	105,546,628: 734	110,523,000: 751	- 734,000	109,789,000: 751
GRH :	:	:	:	:
Reduction..:	1,372: --	:	:	:
Total :	:	:	:	:
Approp- :	:	:	:	:
priation..:	<u>105,548,000: 734</u>	:	:	:

EXPLANATION OF PROGRAM

The Foreign Agricultural Service appropriation funds the activities authorized by the Agricultural Act of 1954 (P.L. 690), as amended, and the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended. The activities carried out are as follows:

FOREIGN AGRICULTURAL AFFAIRS - This program area conducts activities contributing to five major objectives. The objectives and their respective workload and achievement indices are as follows:

1. Collecting, interpreting and analyzing marketing, economic and trade information from foreign areas essential to the administration of U.S. foreign agricultural policies and programs; this information is disseminated to farmers for use in planning and marketing decisions. Counselors and attaches submit approximately 6,000 reports annually on production, marketing, economic and trade information.
2. Providing guidance and field supervision to cooperators implementing market development and related projects overseas. Annually, counselors and attaches provide over 4,000 trade leads and write more than 52,000 letters responding to inquiries regarding U.S. and host country agriculture.
3. Representing global U.S. agricultural trade policy interests, with particular emphasis on obtaining improved access for U.S. farm exports. An estimated 1,100 special trade access communications are sent each year containing direct support for the U.S. export trade.
4. Contributing mission support including guidance and assistance to agricultural development programs in less-developed friendly countries. As members of Embassy country teams, attaches and counselors provide technical guidance on U.S. agricultural developments.
5. Providing representation at international meetings, assistance to U.S. delegates attending international agricultural fora, and service to other USDA agency programs.

FOREIGN MARKET INFORMATION AND ACCESS - This activity consists of three program areas--international agricultural statistics, commodity programs, and international trade policy. These functions, their related objectives, and their respective workload and achievement indices are discussed below.

The program areas prepare and disseminate approximately 130 commodity circulars covering over 100 commodities, 12 World Agricultural Production reports, four issues of the Outlook for U.S. Agricultural Exports published jointly with the Economic Research Service, the monthly Agricultural Trade Highlights and make a major contribution to the USDA's 12 World Agricultural Supply and Demand Estimates reports. In addition to published documents, numerous current information reports and ad hoc analyses are prepared for internal use by the Administrator and other policy officials of the Department. These reports include the Desk Top Guide to U.S. Agricultural Trade, the country financial risk analysis for potential countries eligible for GSM credit programs, and daily/weekly commodity Price and Key Developments reports and the weekly Export Enhancement Program update report.

1. International Agricultural Statistics - This program area conducts activities contributing to six major objectives to support the development and expansion of foreign agricultural markets. The objectives addressed and their workload and achievement indices are as follows:

- a. Providing American farmers, traders, agribusiness leaders, and policy makers with timely estimates and forecasts of world agricultural production. This area also provides primary input to commodity program operations and prepares the monthly World Agricultural Production report. This ongoing program involves preparation of monthly estimates of major field crops, biannual estimates of horticultural and tropical crops and annual estimates of forest products and livestock production.
 - b. Providing analysts and counselors/attaches with current information on the existence, extent, and probable impact of weather-related events on foreign crop conditions.
 - c. Improving the quality and timeliness of agricultural counselor/attache reporting and exchanging of information between Washington-based analysts and overseas counselors/attaches; and substantially increasing the timeliness of information to the U.S. trade using the Global Economic Data Exchange System.
 - d. Providing American farmers, traders, agribusiness leaders, and policy makers with information on U.S. and foreign trade, economic indicators, and tariff and other restrictions affecting trade.
 - e. Monitoring and reporting on exports of selected U.S. agricultural commodities.
 - f. Providing agency-wide ADP support to enhance the overall FAS mission of expanding agricultural exports.
2. Commodity Programs - This program area conducts activities contributing to four major objectives. The objectives addressed and, where feasible, their respective workload and achievement indices are as follows:
- a. Providing American farmers, traders, and agribusiness leaders with timely and accurate information on world supply and demand of U.S. agricultural products. Data analyses of factors such as trade potential, prices, supply, consumption, and overall demand are conducted by commodity specialists. The impact these factors have upon U.S. agricultural exports and market development activities are a particular focus of the commodity programs area. These analyses are distributed on a timely basis to the U.S. agricultural community through FAS circular publications, participation in trade and business conferences and meetings, and U.S. trade organizations.
 - b. Providing U.S. Government policymakers adequate information with which to make decisions regarding U.S. and international agricultural interests. Advanced economic analyses are conducted to examine the data and produce short-term commodity forecasts, commodity status summaries and market potential assessments on a country and area basis. These data are utilized as key inputs in the decisionmaking process regarding domestic farm policies, foreign trade negotiations and agreements, and market development programs.
 - c. Fulfilling U.S. legislative requirements:
 - (1) Day-to-day administration of the Meat Import Act (P.L. 96-177) in cooperation with the U.S. Customs Service and such other special actions as are necessary.
 - (2) Administration of quota cheese pricing limitations prescribed in Section 702 of the Trade Agreements Act of 1979 (P.L. 96-39).

- (3) Analysis and evaluation of the role of sugar in world trade patterns.
 - (4) Market development and commodity analysis for the Market Promotion Program mandated in Section 203 of the Agricultural Trade Act of 1978, as amended.
 - (5) Market development and commodity analysis for the Export Enhancement Program, the Dairy Export Incentive Program, the Sunflowerseed Oil Assistance Program, and the Cottonseed Oil Assistance Program.
- d. Providing support and services to an export expansion effort conducted in cooperation with commodity associations, State Departments of Agriculture and private exporters to the benefit of the U.S. agricultural sector. Special studies are made on a country, region, and world basis for assigned commodities to identify market opportunities, to determine the likely impact of competition from other countries, and to strategically plan promotional activities to enhance U.S. agricultural exports. Virtually every U.S. farm product entering world trade is promoted by one of the market development activities supported by commodity programs.

The information contained in these analyses is collected via a comprehensive agricultural attache reporting system, analyzed in a timely manner, and promptly reported to domestic producers, exporters, policymakers, the public and other interested users. Particular emphasis is placed on disseminating current information on foreign market situations and forecasting trends in foreign agricultural supply and demand.

Special studies are made on a country, area, foreign and world basis for assigned commodities to identify market opportunities, and determine the likely impact of competition from other commodities and countries on U.S. exports. Also, economic analyses are made covering weekly reports submitted by exporters showing their shipments to date and outstanding sales.

3. International Trade Policy - This program area conducts activities contributing to the following major objectives:
- a. Supporting bilateral and multilateral representations and negotiations focused on reducing trade barriers to U.S. agricultural exports and preserving concessions obtained in trade negotiations.
 - b. Providing support to the United States Trade Representative (USTR) in conducting and implementing results of trade negotiations and in managing domestic complaint mechanisms.
 - c. Initiating and supporting work activities on trade and commodity issues that arise in international fora such as GATT, OECD, UNCTAD and FAO so as to facilitate U.S. agricultural exports.
 - d. Administering U.S. agricultural import policies under Section 22 and other domestic legislation in ways which will be consistent with the purposes and requirements of the statutes and will minimize the effects of U.S. import restrictions upon FAS efforts to expand U.S. agricultural exports.
 - e. Supporting the development of new U.S. legislation to facilitate U.S. exports or defend U.S. producers against unfair trade practices and harmful competition.

- f. Conducting analysis of the forces affecting trade in individual country markets and making such data available to interested U.S. exporters.
- g. Maintaining a Food Safety and Technical Office to help protect U.S. rights under the Standards Code, providing information on Code benefits, and helping citizens to comment on foreign proposals for new standards-related laws.
- h. Assisting agricultural exporters who need foreign market information as well as those who believe they have been injured by unfair trade practices, and coordinating reports on foreign agricultural export assistance and market opportunities for U.S. agricultural exporters through the Trade Assistance and Planning Office.
- i. Providing support to small and disadvantaged businesses in order to enter the export market.

FOREIGN MARKET DEVELOPMENT - Provides funding so that industry groups working in concert with FAS, or FAS working alone, may conduct market development activities. The major objectives and applicable achievements are as follows:

1. Enabling producers and other sectors of the U.S. economy to jointly and systematically develop and expand overseas markets. In 1954, the Foreign Agricultural Service (FAS) was authorized to begin using foreign currencies generated by the Public Law 480 program to finance overseas market promotion activities for U.S. farm commodities. Since that time, FAS has spent about \$558 million to finance the foreign market development program, which has significantly contributed to the increase in U.S. farm exports from \$3.1 billion in fiscal year 1955 to \$37.5 billion in fiscal year 1991. The program is jointly sponsored with nonprofit private trade and producer associations in this country (U.S. cooperators) which have generated approximately \$1 billion in contributions to more than match the \$558 million contributed by FAS.

Under the auspices of FAS' long-term Foreign Market Development program, FAS is currently participating with 46 cooperators, four state organizations (covering 47 states and 3 territories) and the National Association of State Departments of Agriculture in sponsoring continuous and long-term projects. FAS also assists supporting 56 permanently staffed cooperator offices overseas which conduct promotion activities in more than 130 foreign markets.

Complementing the long-term Foreign Market Development Program is the Market Promotion Program (MPP) mandated by Section 203 of the Agricultural Trade Act of 1978, as amended. The MPP provides promotional assistance for U.S. Agricultural products with priority for this assistance being provided to those U.S. Agricultural products whose exports have been hurt by unfair foreign trade practices. The number of non-profit agricultural trade associations and U.S. private firms participating totals 84, of which 37 program participants are new to joint-industry market development programs overseas. An additional 90 U.S. private firms are also expected to participate in the MPP program through four regional state organizations as part of a high value export program that promotes processed, brand identified products. During the two years of the MPP, \$400 million has been allocated to partially reimburse the costs of conducting over 5,000 activities worldwide.

2. Conducting trade fairs and food exhibits to enhance the image of U.S. food products overseas by using product displays, point-of-purchase activities to draw consumer attention to quality U.S. food products, sales teams, and providing other assistance designed to link potential buyers with U.S. exporters.

3. FAS has established Agricultural Trade Offices in the major markets of South America, Europe, Africa, Asia and the Middle East to help U.S. exporters compete by supplying up-to-the-minute information on potential customers and promotional opportunities. U.S. exporters or representatives of trade associations, export cooperatives or state departments of agriculture use these trade offices as home bases while overseas. There are currently fifteen Agricultural Trade Offices located in London, England; Hamburg, West Germany; Hong Kong; Singapore; Seoul, Korea; Manama, Bahrain; Mexico City, Mexico; Caracas, Venezuela; Beijing and Guangzhou, the People's Republic of China; Tunis, Tunisia; Jeddah, Saudi Arabia; Algiers, Algeria; and Osaka and Tokyo, Japan.

REVIEWS COMMENCED DURING FY 1991

GAO Reviews

Code 462605	Review of Staffing and Organization Issues at U.S. Embassies and Consulates in Japan and Korea	Review of agency management and effectiveness
Code 483591	Study of the U.S.-Canada Free Trade Agreement	Review of FTA implementation
Code 973358	Review of OECD Member Nations Agricultural Standards, Regulations and Enforcement Measures	Review of foreign standards and regulations
Code 150108	Survey of Government Programs and Industry Efforts to Develop Markets for Dairy Products	Review of trade opportunities
Code 483588	Former Federal Trade Officials Representing Foreign Interests in the U.S.	Review of possible conflict of interest
Code 150604	Safety of New Food Technology	Survey of federal programs
Code 150901	Generic Research and Promotion Orders for the Fruit and Vegetable Industry	Review of program effectiveness
Code 150024	Sugar Program	Review of program effectiveness
Code 973305	Accuracy of USDA's Forecasts and Estimates of Meat Production, Prices and Inventories	Review of program administration
Code 150019	Evaluation of Wheat Prices	Review of program effectiveness

OIG Audits

HQ-720-69	TEA Program	Program investigation
HY-719-1	Violation of Procurement Regulations	Program investigation

REVIEWS COMPLETED DURING FY 1991GAO Reviews

Code B-242276	U.S.-Mexico Trade: Extent to Which Mexican Horticultural Exports Complement U.S. Production	Evaluation of program effectiveness
Code 483586	Iraq's Participation in U.S. Agricultural Export Programs	Review of program administration
Code 483583	U.S.-Mexico Border Infrastructure	Review of program administration
Code 973316	Accuracy of Corn, Wheat, Cotton Soybean and Dairy Commodity Forecasts	Review of program administration
Code 483546	Agricultural Trade Liberalization Between the U.S. and Mexico	Review of trade opportunities.
Code 917108	Review of Sensitive Payments	Review of agency management effectiveness
Code 483508	Implication of Changes in Soviet Agricultural Reforms on U.S. Agricultural Export Activities	Review of trade opportunities
Code 483441	Review of Agricultural Issues and Multilateral Trade Negotiations	Review of trade opportunities
Code 483555	Agricultural Exports and Bolivia	Review of implementation of legislation

OIG Audits

07020-1-CH	FAS Market Development Programs	Audit of program administration
07099-23-Hy	Audit of FAS Foreign Operations and Currency Use Payments	Audit of program administration

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$2,600,000 for Foreign Agricultural Affairs (\$34,324,000 available in FY 1992) consisting of:

- (a) An increase of \$2,353,000 for increased costs of overseas operations.

Need for Change: This increase will support existing overseas offices at the current level.

Relative stabilization of the dollar in EC-Europe, Asia and the Pacific Rim is being offset by heavy losses from hyper-inflation in the Western Hemisphere and Non-EC Europe.

Led by sharply higher Foreign Service National (FSN) personnel compensation, rents and payments to the U.S. Department of State for overseas administrative support, the post financial plans prepared by

FAS Counselors and Attaches around the world are forecasting substantial increases in operational costs above FY 1992 levels. FSN salary scales are established by the Department of State and are not discretionary.

In addition to supporting existing offices at current levels, the budget will ensure continued support of new offices opened in FY 1992, including Panama City, Panama, and Sofia, Bulgaria, and expansion of FAS's presence in Prague, Czechoslovakia and Warsaw, Poland. The FY 1993 request will also insure continued support for our Agricultural Counselor's office in Moscow which, due to fire, was forced outside of the U.S. Embassy at double the annual cost.

Nature of Change. The additional funding will be allocated to FAS overseas posts to offset expected increases in the costs of foreign national salaries and benefits, rents and payments to the U.S. Department of State for overseas administrative support.

- (b) An increase of \$247,000 for pay costs which consists of \$122,000 for the annualization of the Fiscal Year 1992 pay raise and \$125,000 for a portion of the Fiscal Year 1993 pay raise. This request represents approximately half of total pay cost requirements.
 - (2) A decrease of \$2,267,000 for Foreign Market Information and Access (\$18,565,000 available in FY 1992) consisting of:
 - (a) A decrease of \$2,035,000 associated with the FAS share of "Augmentation 2000." Augmentation 2000 is a joint hardware acquisition program with the Office of the General Sales Manager (OGSM) designed to meet the administrative ADP requirements of FAS and the OGSM to the year 2000.
- Need for Change: In FY 1992, a total of \$2,500,000 was appropriated to FAS and the OGSM to assist in the replacement of all existing non-intelligent terminals with intelligent workstations and PCs. No further funds are requested for this effort due to budget constraints.
- Nature of Change: Funding in the FY 1992 budget will provide for procurement and installation of approximately 70 percent of the planned hardware procurements. Further procurements will be deferred.
- (b) A decrease of \$500,000 for agency training.
- Need for Change: Due to constraints on overall budgets, amounts previously spent by the agency for leadership and management training cannot be sustained without adverse effect on other FAS activities.
- Nature of Change: Funds available for leadership and management training will be reduced \$500,000 below FY 1992 levels.
- (c) An increase of \$268,000 for pay costs which consists of \$133,000 for the annualization of the Fiscal Year 1992 pay raise and \$135,000 for a portion of the Fiscal Year 1993 pay raise. This request represents approximately half of total pay cost requirements.
 - (3) A decrease \$567,000 for Foreign Market Development (\$57,134,000 available in FY 1992) consisting of:
 - (a) An increase of \$901,000 for increased costs of overseas operations.

Need for Change. As a result of higher overseas wage and price increases, it is estimated that the costs of operating and maintaining the 15 FAS Agricultural Trade Offices (ATO) will increase by approximately 10 percent in FY 1992. In addition to non-discretionary increases of FSN compensation, other unavoidable events such as the forced relocations of the London and Seoul offices have contributed to cost growth. Requested funding will also insure support for new trade offices opened in Osaka, Japan, and Mexico City, Mexico, during FY 1992.

Nature of Change. The additional funding will be allocated to FAS overseas posts to offset expected increases in the cost of foreign national salaries and benefits, rents and payments to the U.S. Department of State for overseas administrative support.

- (b) An increase of \$172,000 for pay costs which consists of \$85,000 for the annualization of the Fiscal Year 1992 pay raise and \$87,000 for a portion of the Fiscal Year 1993 pay raise. This request represents approximately half of total pay cost requirements.
- (c) No net change in program funds available for overseas trade shows comprised of a decrease of \$1,640,000 in appropriations offset by an increase of \$1,164,000 in reimbursable funding.

Need for Change: FAS sponsors an international trade show program which features various U.S. high-value agricultural products in key international markets around the world. On average, 15 shows are conducted annually, with approximately 700 U.S. companies participating. Participation is on a cost sharing basis, with FAS funding between 30% to 50% of costs. In order to meet higher overseas operating costs for FAS Attache and Agricultural Trade Offices, FAS proposes to move to full cost recovery for U.S. firms participating in trade shows.

Nature of Change: Participation in FAS sponsored trade shows will be on a full cost recovery basis which will result in annual savings of \$1,640,000.

- (4) A decrease of \$500,000 for Ameri-Flora '92 Exposition (\$500,000 available in FY 1992).

Need for Change: The Ameri-Flora '92 Exposition will be concluded at the end of FY 1992. Funds used to support this effort will no longer be required.

Nature of Change: No further funding is requested for this activity.

Foreign Agricultural Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
District of Columbia.....	\$36,801,439	474	\$ 39,849,000	488	\$ 36,562,000	488
Overseas.....	68,485,788	260	70,674,000	263	73,227,000	263
Total Available or Estimate...	<u>\$105,287,227</u>	<u>734</u>	<u>\$110,523,000</u>	<u>751</u>	<u>\$109,789,000</u>	<u>751</u>

PASSENGER MOTOR VEHICLES

The 1993 Budget Estimates propose the purchase of one additional and five replacement passenger motor vehicles.

Passenger motor vehicles belonging to FAS are used exclusively by the Agricultural Officers at overseas posts in an official capacity. The officer travels extensively throughout the countries assigned, gathering agricultural data. Embassy motor pool vehicles are not readily available for field use.

Addition of Passenger Motor Vehicles. One addition to the passenger motor vehicle fleet is planned to accommodate requirements generated by opening a new post in Sofia, Bulgaria, in the late summer of 1992.

Replacement of Passenger Motor Vehicles. Replacement of five passenger motor vehicles is proposed. All vehicles proposed for replacement will meet replacement standards.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1991, is as follows:

<u>Age Data</u>			<u>Mileage Data</u>		
<u>Age-Year Model</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1986 or older	10	31.4	80-100	0	0
1987	5	15.6	60-79	1	3
1988	4	12.5	40-59	5	16
1989	4	12.5	20-39	12	37
1990	8	25.0	Under 20	14	44
1991	1	3.0	Total	<u>32</u>	<u>100</u>
Total	<u>32</u>	<u>100.0</u>			

PUBLIC LAW 480

Purpose Statement

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover costs of such programs. When Title I ocean freight differential, Title II, and Title III funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual costs, the excess is used to reduce future appropriation requests.

The following activities are carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act):

1. Financing sales of agricultural commodities to developing countries for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under section 104; and for furnishing commodities to carry out the Food for Progress Act of 1985, as amended (Title I). All sales are made pursuant to agreements concluded under the authority of Title I, using funds appropriated for P.L. 480. The Commodity Credit Corporation may serve as the purchasing or shipping agent, or both, for the importing country or may award contracts for freight agent services on behalf of the Corporation to handle shipping of commodities under P.L. 480.

Sales are made to developing countries as defined in section 402(4) of P.L. 480 and must not displace expected commercial sales (sections 403(e) and (h)). Agreements are made with developing countries for delivery in accordance with the terms of agreement.

Funds appropriated to carry out Title I may be also used to furnish commodities to carry out the Food for Progress Act of 1985. Such commodities may be furnished on credit terms or on a grant basis in order to assist developing countries and countries that are emerging democracies that have made a commitment to introduce and expand free enterprise elements in their agricultural economies.

2. Commodities supplied in connection with dispositions abroad (Title II). Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations.

3. Commodities supplied in connection with dispositions abroad (Title III). Under Title III, agricultural commodities are furnished to least developed countries as defined in section 302(a). They are provided through foreign governments for direct feeding, development of emergency food reserves or may be sold with the proceeds of such sale used by the recipient country for specific economic development purposes. The Corporation may pay, in connection with furnishing commodities under Title III, the same cost items as authorized under Title II.

Credit Reform

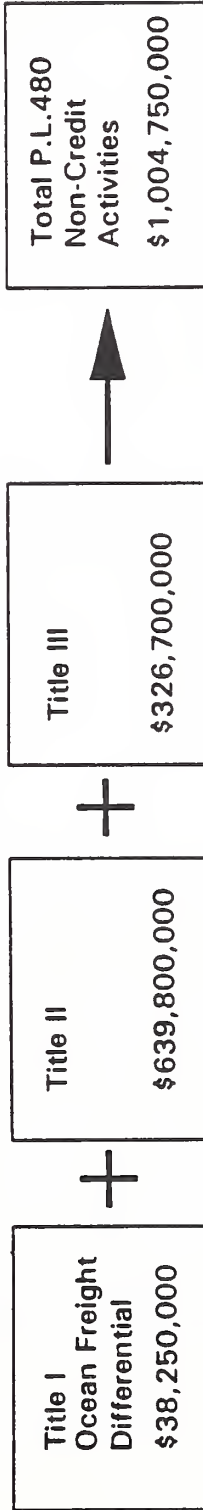
Credit reform procedures for federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, were incorporated beginning with the 1992 budget. These procedures require that budget authority and outlays for direct credit and guarantee programs represent their subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than disbursements net of repayments and other collections. In addition to the request for subsidy budget authority, the proposed 1993 appropriation language includes the estimated direct credit that would be extended based on the subsidy amount requested. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of estimated net cashflows over the lifetime of the credit issued; whereas outlays represent the portion of the subsidy related to the credit issued within the year. Budget authority and outlays for the subsidies are presented in the Budget in "program accounts." All disbursement and repayment activity related to credit issued in fiscal year 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing portfolios of credit are reflected in the budget in "liquidating accounts" and are calculated as before, to represent disbursements and borrower repayments.

For P.L. 480, the "loan program account" is comprised of the estimated subsidy for direct credit extended to finance Title I commodities and related Title I administrative expenses. In fiscal year 1993, the appropriation request for the P.L. 480 program account is \$320,266,000. Because credit reform rules require the separate treatment of credit and non-credit activities, a separate appropriation of \$1,004,750,000 is requested for the non-credit P.L. 480 activities which include Title I ocean freight differential and the Titles II and III programs. The total appropriation request for P.L. 480 in fiscal year 1993 is \$1,325,016,000. These Explanatory Notes reflect the incorporation of Credit Reform throughout.

The chart on the next page depicts the fiscal year 1993 proposed appropriation for P.L. 480 non-credit and credit activities:

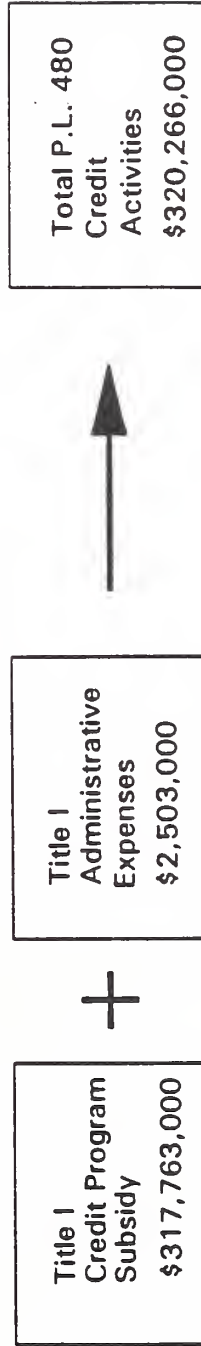
FY 1993 P.L.480 APPROPRIATION REQUEST

P.L.480 Non-Credit (Grant) Activities



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P.L.480 Credit Activities



Total FY 1993 P.L.480 Appropriation Request	<u>\$1,325,016,000</u>
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Available Funds, 1991 Actual and Estimated 1992 and 1993

Item	1991 Actual	1992 Estimated	1993 Estimated
Foreign Assistance Programs (P.L. 480):			
Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities to carry out the Food for Progress Act of 1985 (Titles I and III)	\$558,018,306		
Financing the sale of agricultural commodities for dollars on credit terms and for foreign currencies, and furnishing commodities to carry out the Food for Progress Act of 1985 (Title I)			
Credit Authority		511,619,000	473,849,000
Subsidy		\$388,319,000	\$317,763,000
Administrative Expenses:		1,815,000	2,503,000
Transferred to ASCS		-573,000	-1,036,000
Transferred to OGSN		-1,242,000	-1,467,000
Administrative expenses (Title I) a/		—	—
Net administrative expenses available		—	—
Title I available: Credit		511,619,000	473,849,000
Subsidy		388,319,000	320,266,000
Ocean freight differential (Title I)		b/ 52,185,000	b/ 38,250,000
Commodities supplied in connection with dispositions abroad (Title II)	747,599,371	710,087,000	639,800,000
Commodities supplied in connection with dispositions abroad (Title III)		333,594,000	326,700,000
PL 480 Grant appropriation:			
Title I ocean freight differential, Title II and Title III programs		1,095,866,000	1,004,750,000
Total program costs funded	1,305,617,677	1,484,185,000	1,322,513,000
Costs financed from receipts, prior year balances and CCC funds (net)	-301,674,677	c/	c/
Total available (P.L. 480)	1,003,943,000	1,484,185,000	1,325,016,000
Total credit sales limitation		511,619,000	473,849,000

a/ Reflects requirement that all administrative costs related to the credit program, including those arising from servicing of direct credit obligated prior to fiscal year 1992, be identified separately and shown in the same account as the credit program's costs.

b/ A separate appropriation for Title I ocean freight differential is required to comply with credit reform. Credit reform distinguishes credit programs such as Title I financing for commodities from grant components such as Title I ocean freight differential.

c/ Receipts and prior year balances are not available to reduce the P.L. 480 appropriation request under credit reform. Instead, these receipts will be used to reduce U.S. government outlays.

Notes: The fiscal year 1991 appropriation was adjusted to reflect net transfers of \$119.09 million in both program level and appropriation from Titles I/III to Title II, under the authority of section 2(d)(3) of the Emergency Supplemental Persian Gulf Refugee Assistance Act of 1991, P.L. 102-45.

The fiscal year 1991 appropriation reflects the full restoration of sequestered P.L. 480 funds as authorized by the FY 1991 Dire Emergency Supplemental Appropriations Act, P.L. 102-27. This sequester was originally required for all accounts in the international discretionary category, including P.L. 480.

Effective in 1991, obligations incurred in a fiscal year under Public Law 480 Title I are based on the date the purchase authorization is issued with an anticipated export date by December 31. Title II obligations incurred are based on commodity purchases for which a notice to deliver has been issued. Title III obligations are based on the date the request for commodity purchase is made (the "call forward" date), with a commodity contract award date by September 30. In order to obtain the amount of costs financed by CCC in the fiscal year, these obligations, which were equivalent to the program level limitation in the appropriation language, were adjusted to include prior year obligations financed in the current fiscal year, and to exclude current year obligations that will not be financed until the following fiscal year.

In fiscal year 1992, Titles I and Title III obligations continue to be based on respective purchase authorizations and call forwards that are issued by September 30, with an anticipated export date by December 31. However, obligations under Title II will be based on a commodity contract award date to be issued by September 30 with an anticipated export date of December 31.

Beginning in fiscal year 1992, under credit reform procedures, obligations for Title I purchase authorizations will be equivalent to the subsidy amount in the appropriation language. Credit sales made will be financed from the financing account. Related Title I ocean freight differential costs will be paid from a separate P.L. 480 grant account as will all Title II and III program costs. Financing of Title I obligations incurred prior to fiscal year 1992 will be carried out through the liquidating account. As legislated in the General Provisions of the 1991 and 1992 Appropriations Acts, P.L. 480 funds and authorities for all three titles remain available until expended, unless otherwise provided.

The following table reconciles the program level to program costs financed by CCC:

Reconciliation of Program Level to Program Costs Funded by CCC

Item	1991 a/ Actual	1992 Estimated	1993 Estimated
Title I			
Gross commodity costs (Credit)	\$431,909,926	\$511,619,000	\$473,849,000
Ocean transportation	—	—	—
Ocean freight differential	30,088,877	52,185,000	38,250,000
Subtotal	461,998,803	563,804,000	512,099,000
Initial payments to exporters	-1,500,000	—	—
Total program level, current year	460,498,803	563,804,000	512,099,000
Prior year obligations financed	247,248,397	—	—
Obligations financed in succeeding years	-151,971,100	—	—
Total program costs, funded program level	555,776,100	563,804,000	512,099,000
Title II			
Commodity costs	450,800,000	502,030,000	442,106,000
Ocean and inland transportation b/	364,290,000	208,057,000	197,694,000
Total program level, current year	815,090,000	710,087,000	639,800,000
Prior year obligations financed	448,448,548	—	—
Obligations financed in succeeding year	-515,939,176	—	—
Total program costs, funded program level	747,599,371	710,087,000	639,800,000
Title III c/			
Commodity costs	181,300,000	260,300,000	244,300,000
Ocean and inland transportation	96,200,000	73,294,000	82,400,000
Total program level, current year	277,500,000	333,594,000	326,700,000
Prior year obligations financed	—	—	—
Obligations financed in succeeding year	-275,257,794	—	—
Total program costs, funded program level	2,242,206	333,594,000	326,700,000
P.L. 480			
Total program costs, funded	1,305,617,677	1,607,485,000	1,478,599,000

a/ Reflects transfer of \$119.09 million in program level and appropriation from Titles I/III to Title II.

b/ Includes \$10.0 million for private voluntary organizations and cooperatives to assist in meeting administrative, management and internal transportation and distribution costs for carrying out Title II programs.

c/ Amendments made by The Food, Agriculture, Conservation, and Trade Act of 1990 authorize a new Title III Food for Development program beginning in fiscal year 1991.

These estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Public Law 480 Program Account
(Including Transfers of Funds)

- 1 [For expenses during the current fiscal year, not otherwise recoverable, and
- 2 unrecovered prior years' costs, including interest thereon, under] Direct
credit agreements shall be subject to the provisions of the Federal Credit
Reform Act of 1990. For the cost of direct credit agreements, \$317,763,000,
as authorized by the Agricultural Trade Development and Assistance Act of
- 3 1954, as amended (7 U.S.C. 1691, 1701-1715, 1721-1726, 1727-1727f, 1731-
1736g), [as follows: (1) \$511,619,000 for Public Law 480 title I credit,
including Food for Progress credit; (2) \$52,185,000 is hereby appropriated for
ocean freight differential costs for the shipment of agricultural commodities
pursuant to title I of said Act and the Food for Progress Act of 1985, as
amended; (3) \$710,087,000 is hereby appropriated for commodities supplied in
connection with dispositions abroad pursuant to title II of said Act; and
(4) \$333,594,000 is hereby appropriated for commodities supplied in connection
with dispositions abroad pursuant to title III of said Act: Provided, That
not to exceed 10 per centum of the funds made available to carry out any title
- 4 of said Act may be used to carry out any other title of said Act.] and the
Food for Progress Act of 1985, as amended: Provided, That such costs,
including the cost of modifying repayment terms of direct credit agreements
shall be as defined in section 502(5)(A) and (B) of the Congressional Budget
Act of 1974: Provided further, That these funds are available to subsidize
gross obligations for the principal amount of Public Law 480 title I credit,
including Food for Progress credit, not to exceed \$473,849,000.
- 5 [For the cost, as defined in section 13201 of the Budget Enforcement Act of
1990, of direct credit agreements as authorized by the Agricultural Trade
Development and Assistance Act of 1954, as amended, and the Food for Progress
Act of 1985, as amended, including the cost of modifying credit agreements
under said Act, \$388,319,000.]
- In addition, for administrative expenses to carry out the Public Law 480
title I credit program, and the Food for Progress Act of 1985, as amended, to
the extent funds appropriated for Public Law 480 are utilized, [\$1,815,000]
- 6 \$2,503,000, of which not to exceed \$1,467,000 may be transferred to and merged
with the appropriation for the Salaries and Expenses of the General Sales
Manager, and of which not to exceed \$1,036,000 may be transferred to and
merged with the appropriation for the Salaries and Expenses of the
Agricultural Stabilization and Conservation Service.

The first change deletes references to the cost of the program, which is addressed in the fourth language change.

The second change provides clarification that P.L. 480, as a direct credit and a non-loan program, is subject to the budgetary requirements of the Federal Credit Reform Act of 1990.

The third change deletes references to the Grant Account. Separate appropriation language for the Grant Account is proposed on the following page.

The fourth change is proposed to restructure the appropriation language to comply with credit reform requirements under the Federal Credit Reform Act of 1990.

The fifth change deletes references to program cost which is addressed in the fourth language change.

The sixth change provides additional supporting detail on how much administrative expenses will be transferred to the Salaries and Expenses accounts of the Office of the General Sales Manager and Agricultural Stabilization and Conservation Service.

Public Law 480 Grant Account
(Including Transfers of Funds)

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691, 1701-1715, 1721-1726, 1727-1727f, 1731-1736g), as follows: (1) \$38,250,000 is hereby appropriated for ocean freight differential costs for the shipment of agricultural commodities pursuant to title I of said Act and the Food for Progress Act of 1985, as amended; (2) \$639,800,000 is hereby appropriated for commodities and ocean freight costs supplied in connection with dispositions abroad pursuant to title II of said Act; and (3) \$326,700,000 is hereby appropriated for commodities and ocean freight costs supplied in connection with dispositions abroad pursuant to title III of said Act: Provided, That not to exceed 15 per centum of the funds made available herein to carry out any title of said Act may be used to carry out any other title of said Act.

This change provides separate appropriation language for non-credit or grant activities of P.L. 480 which include Title I ocean freight differential, and the Title II and Title III programs. The language also requests that up to 15 percent of the funds provided be permitted to be transferred between the titles. This transfer authority would provide more flexibility to respond to the needs of importing countries and is consistent with the authorizing provisions of the FACT Act.

P.L. 480 PROGRAM ACCOUNT-DIRECT CREDIT

	Limitation on Direct Credit	Subsidy	Administrative Expenses
Appropriations Act, 1992	\$511,619,000	\$388,319,000	\$1,815,000
Budget Estimate, 1993	<u>473,849,000</u>	<u>317,763,000</u>	<u>2,503,000</u>
Increase or Decrease in Appropriation	-37,770,000	-70,556,000	+688,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriations)

<u>Item of Change</u>	1992 <u>Estimated</u>	<u>Change</u>	1993 <u>Estimated</u>
P.L. 480 Direct Credit Level	\$511,619,000	-\$37,770,000	\$473,849,000
Subsidy costs	<u>388,319,000</u>	<u>-70,556,000</u>	<u>317,763,000</u>
Administrative expenses:			
General Sales Manager	1,242,000	+225,000	1,467,000
ASCS	<u>573,000</u>	<u>+463,000</u>	<u>1,036,000</u>
Total, Admin. Expenses	<u>1,815,000</u>	<u>+688,000</u>	<u>2,503,000</u>

PUBLIC LAW 480
PROJECT STATEMENT
 (on basis of appropriation)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Request
1. Financing the sale of agricultural commodities for convertible foreign currencies and for dollars on credit terms, and furnishing commodities for Food for Progress (Titles I and III)	\$188,853,000 1/			
2. Financing the sale of agricultural commodities for dollars on credit terms and for foreign currencies, and furnishing commodities for Food for Progress, and for administrative expenses (Title I)				
Direct Credit:	---	\$511,619,000	-\$37,770,000	\$473,849,000
Subsidy:		388,319,000	-70,556,000	317,763,000
Administrative Expenses		1,815,000	688,000	2,503,000
3. Ocean Freight Differential (Title I)	---	52,185,000	-13,935,000	38,250,000
4. Commodities supplied in connection with dispositions abroad (Title II)	815,090,000	710,087,000	-70,287,000	639,800,000
5. Commodities supplied in connection with dispositions abroad (Title III)	---	333,594,000	-6,894,000	326,700,000
Total, appropriation	1,003,943,000 1/	1,486,000,000	-160,984,000	1,325,016,000

P.L. 480 Summary:

Direct Credit	---	511,619,000	-37,770,000 (1)	473,849,000
Subsidy	NA	388,319,000	-70,556,000 (2)	317,763,000
Administrative Expenses	NA	1,815,000	688,000 (3)	2,503,000
Grants	815,090,000	1,095,866,000	-91,116,000 (4)	1,004,750,000

1/ Appropriation reflects transfer of \$6,910,000 from Title I to reimburse CCC for the use of the Food Security Wheat Reserve. See following table for financing detail.

P.L. 480 PROGRAM ACCOUNT (DIRECT CREDIT)
(on financing basis)

	1991 Actual 1/
Program:	
Title I Expenses of Shipments:	
Commodity costs(Direct Credit)	\$492,440,595
Subsidy	—
Ocean transportation	—
Ocean freight differential	63,335,505
Total ocean freight	63,335,505
Total, Title I expenses of shipments	555,776,100
Title III Expenses of Shipments:	
Commodity costs	2,242,206
Ocean freight differential	—
Total, Title III expenses of shipments	2,242,206
Total, Titles I & III Expenses of Shipments	558,018,306
Financing:	
Receipts from:	
Sales of foreign currency	-44,401,313
Repayments on long-term credit	-508,121,144
Total, Receipts	-552,522,457
Titles I and III:	
1990 funds used for 1992 costs	-648,551,980
1991 funds used for 1992 costs	831,909,131
Net financing	-369,165,306
Title I and III Total available:	
Direct Credit	188,853,000

1/ Reflects transfer of \$119.09 million in program level and appropriations from Title I/III to Title II.

P.L. 480 GRANT ACCOUNT
(on financing basis)

Item	1991 Actual
Program:	
Title I Expenses of Shipment:	
Ocean freight differential (support for U.S. Merchant Marine):	
Total, Title I	—
Title II Expenses of Shipment:	
Commodity costs	465,267,112
Ocean transportation and inland distribution costs	282,332,259
Total, Title II	747,599,371
Title III Expenses of Shipments:	
Commodity costs	
Ocean transportation and inland distribution costs	
Total, Title III	—
Total, Title I ocean freight, Title II and Title III Expenses of Shipments	747,599,371
Financing:	
Title II:	
1990 funds used for 1991 costs	-448,448,547
1991 funds used for 1992 costs	515,939,177
Total available or estimate	815,090,000

Public Law 480 Grants
(on basis of appropriation)

	(Title I) Ocean Freight Differential	(Title II) Commodities Supplied in connection with Dispositions Abroad	(Title III) Commodities Supplied in connection with Dispositions Abroad	Total
Appropriations Act, 1992	\$52,185,000	\$710,087,000	\$333,594,000	\$1,095,866,000
Budget Estimate, 1993	38,250,000	639,800,000	326,700,000	1,004,750,000
Decrease in Appropriation	-13,935,000	-70,287,000	-6,894,000	-91,116,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1992 Estimated	Program Changes	1993 Estimated
Ocean Freight Differential (Title I)	\$52,185,000	-\$13,935,000	\$38,250,000
Commodities supplied in connection with dispositions abroad (Title II)	710,087,000	-70,287,000	639,800,000
Commodities supplied in connection with dispositions abroad (Title III)	333,594,000	-6,894,000	326,700,000
Total Appropriation	1,095,866,000	-91,116,000	1,004,750,000

PROJECT STATEMENT
(on basis of available funds)

	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
1. Financing the sale of agricultural commodities for dollars on credit terms and for foreign currencies, and furnishing commodities for Food for Progress and for administrative expenses (Title I) Direct Credit	\$492,440,595	\$511,619,000	-\$37,770,000	\$473,849,000
Subsidy	—	388,319,000	-70,556,000	317,763,000
Admin Expenses	—	1,815,000	688,000	2,503,000
2. Ocean Freight Differential (Title I)	63,335,505	52,185,000	-13,935,000	38,250,000
3. Commodities supplied in connection with dispositions abroad (Title II)	747,599,371	710,087,000	-70,287,000	639,800,000
4. Commodities supplied in connection with dispositions abroad (Title III)	2,242,206	333,594,000	-6,894,000	326,700,000
Adjustments to Budget Authority:				
Title I:				
Receipts from sale of foreign currencies and loan repayments and repayments on long-term credit sales to finance program	-552,522,457	a/		a/
Unexpended balances:				
1990 funds used for 1991 costs	-648,551,980	—	—	—
1991 funds used for 1992 costs	556,651,337	—	—	—
Title II:				
1990 funds used for 1991 costs	-448,448,548			
1991 funds used for 1992 costs b/	515,939,177			
Title III:				
1990 funds used for 1991 costs	—			
1991 funds used for 1992 costs b/	275,257,794			
Total appropriation:				
Direct Credit	492,440,595	511,619,000	-37,770,000	473,849,000
Budget Authority	1,003,943,000 c/	1,486,000,000	-160,984,000	1,325,016,000
Admin. expenses transferred		-1,815,000	-688,000	-2,503,000
Total Net Appropriation:				
Direct Credit	492,440,595	511,619,000	-37,770,000	473,849,000
Budget Authority	1,003,943,000	1,484,185,000	-161,672,000	1,322,513,000

a/ Under credit reform procedures, beginning in fiscal year 1992, Title I receipts and unexpended balances are no longer available to reduce the P.L. 480 appropriation request.

b/ Beginning in 1992 credit reform changes in financing make these entries unnecessary.

c/ Excludes \$6,910,000 to reimburse CCC for use of the Food Security Wheat Reserve.

The preceding project statement reflects estimated program costs on the basis of available funds, including 1990 obligations financed in fiscal year 1991 from available unexpended 1990 balances and 1991 funds. The rate at which expenditures and obligations are made under these programs is influenced by crop conditions, commodity availability, economic conditions in receiving countries, availability of shipping, port facilities, and similar factors.

The amounts requested in the appropriation for the Title I program account in fiscal year 1993 consist of the subsidy amount of \$317,763,000 to fund Title I direct credit of \$473,849,000 and related administrative expenses of \$2,503,000. Programming under Title I takes place to the extent that appropriated subsidy amounts are available. Unused subsidy amounts expire at the end of the program year to the extent the direct credit level is not fully obligated. Receipts from Title I direct credit issued prior to fiscal year 1992, proceeds from sales of foreign currencies or unexpended balances were not available to reduce the Title I appropriation request for fiscal year 1992 and are not available to reduce the appropriation request for fiscal year 1993.

The amounts provided in the appropriation for Title II or Title III are not fully controlling since the basic law permits the Government to enter into multi-year programs of assistance involving expenditures which must be financed from subsequent appropriations. However, such programs may not exceed the program level authorized in appropriation acts, adjusted for transfers to or from Title I, within amounts specified by the proviso in the appropriation language. If funds appropriated for Titles II and III are in excess of amounts actually used in an actual year, adjusted for any applicable transfers, such amounts are applied against current year estimated costs and reduce the subsequent appropriations requested for the budget year.

EXPLANATION OF PROGRAM

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

No agreements may be made with the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights or other flagrant denial of the right to life, liberty, and personal security unless the use of the commodities themselves or proceeds from their sale is targeted to the most needy people of that country and is made available through channels other than the government.

The authorization for agreements to finance sales and programs of assistance under Public Law 480 was extended through December 31, 1995, by amendments included in the FACT Act, Public Law 101-624, signed November 28, 1990.

TITLE I

The P.L. 480 Title I appropriation finances all sales made pursuant to agreements concluded under Title I. Sales are made to developing countries--as defined in section 402(4) of the Act--and do not displace expected commercial sales for cash dollars (sections 403(e) and (h)).

In order to stimulate and increase sales for dollars through credit, this title provides for sales of U.S. farm products under long-term credit arrangements. The purpose is to expand international trade, develop and expand export markets, and encourage economic development in the developing countries. Agreements are made with the governments of developing nations.

Repayments for agricultural commodities sold under Title I may be made, with interest at a concessional rate as determined by the Secretary, either in U.S. dollars or in local currencies on credit terms up to 30 years, with a grace period of up to seven years. Interest is charged from the date of last delivery in each calendar year. Payments received under fiscal year 1992 and future agreements will be deposited in a financing account for use by the U.S. Treasury to offset U.S. Government outlays.

Local currencies received under Title I sales agreements may be used in carrying out activities under section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended. Activities in the recipient country for which these local currencies may be used include developing new markets for U.S. agricultural commodities on a mutually beneficial basis, paying U.S. obligations, and supporting agricultural development or research.

Under the Food for Progress Act of 1985, the Corporation may finance the sale and exportation of agricultural commodities on credit terms, or on a grant basis, to support developing countries and countries that are emerging democracies and have commitments to introduce or expand free enterprise elements in their agricultural economies. For commodities furnished on a grant basis, the Corporation may pay, in addition to acquisition costs and ocean transportation, such related commodity and delivery charges as are specified for commodities supplied under Title II.

For most sales agreements under Title I, the Corporation will pay ocean freight charges only to the extent of the differential between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used by authority of the Merchant Marine Act. In limited cases, full transportation costs to port of entry or point of entry abroad may be included with the cost of the commodity in the amount financed by CCC to ensure that U.S. food aid will reach the most needy recipients.

Section 411 of P.L. 480 authorizes the President to waive payments of principal and interest under dollar credit sales agreements for countries which are least developed and have in effect either an International Monetary Fund standby agreement, a structural adjustment program of the International Bank for Reconstruction and Development or if no agreement is in effect, the country is pursuing a policy to promote democratic, market-oriented and long-term economic development. If such authority is used to waive payments, no new Title I assistance may be provided for that country for two years following the date of the authorized waiver unless the President provides prior written justification to the Congress.

Debt reduction is also authorized for Title I under the Enterprise for the Americas Initiative, Title VI of the Agricultural Trade Development and Assistance Act of 1954, as amended. Debt reduction for outstanding Title I direct credit as of January 1, 1990 is authorized for Latin American and Caribbean countries which meet certain eligibility requirements including making significant progress toward establishing an International Monetary Fund standby arrangement, placing into effect major investment reforms in conjunction with an InterAmerican Development Bank loan and, if applicable, arranging with its commercial bank lenders a debt service reduction.

Debt relief furnished in fiscal year 1991 totalled \$950.6 million. Under the Enterprise for the Americas Initiative, Title I repayment obligations of Chile, Jamaica, and Bolivia were reduced by a total of \$263.3 million. Through Section 411, Title I debt of Tanzania, Madagascar, Malawi, Ghana, Mozambique, Senegal, Uganda, Guyana, Haiti, Honduras, and Nicaragua was reduced by \$687.3 million (\$655.2 in principal and \$32.1 in interest). Beginning with the implementation of credit reform in fiscal year 1992, debt relief under both provisions requires an advance appropriation equivalent to the net present value of the amount of debt relief provided.

TITLE II

Under Title II, as amended, commodities are supplied to foreign countries to combat malnutrition, to meet famine or other urgent relief requirements, promote sound environmental practices and carry out the United States' commitment to the World Food Program.

Amendments to Title II statutory authorities included in the Food, Agriculture, Conservation, and Trade Act of 1990 require that a minimum of 1.925 million metric tons (grain equivalent basis) of agricultural commodities be programmed in fiscal year 1991. The minimum Title II program requirement increases by 25,000 metric tons for each subsequent year through fiscal year 1995. Of the 1991 program requirement, a minimum 1.450 million metric tons (grain equivalent basis) are to be distributed for nonemergency programs through voluntary agencies, cooperatives and the World Food Program, unless the Administrator of the Agency for International Development (AID) determines and reports to Congress that such an amount cannot be used effectively or is needed in order to meet an emergency. The nonemergency program requirement also increases by 25,000 metric tons for each subsequent year through fiscal year 1995.

Commodities requested may be furnished from the Corporation's inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation's inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

The Corporation also finances the costs of ocean transportation to ports of entry, or to points of entry other than ports in the case of landlocked countries, or when the use of a point of entry other than port would result in substantial savings in costs or time.

The Corporation may also pay transportation costs from designated ports of entry or points of entry abroad to storage and distribution sites, and associated storage and distribution costs for commodities, including prepositioned commodities, made available to meet urgent or extraordinary relief requirements.

Local distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by local governments.

For fiscal years 1991 through 1995, no less than \$10.0 million nor more than \$13.5 million of the funds provided annually for Title II shall be made available to private voluntary organizations and cooperatives to assist these organizations in establishing new Title II programs or to meet specific administrative, management and internal transportation and distribution costs for carrying out Title II programs in foreign countries. A request for such funds must be made by the organization and is subject to approval by the Administrator of AID.

Amendments made by the FACT Act also establish a Food Aid Consultative Group headed by the Administrator to meet on an on-going basis to review and address Title II regulations and procedures for their effectiveness in governing Title II programs. The Group shall terminate on December 31, 1995.

Assistance under Title II is directed toward activities designed to alleviate the causes of the need for such aid. Programs of assistance shall not be undertaken under this title during any fiscal year which call for an appropriation to reimburse the Corporation in excess of \$1 billion plus the unused prior year's authorization.

TITLE III

The Agricultural Trade Development and Assistance Act of 1954, as amended in 1990, established a new Title III program, beginning January 1, 1991. AID administers the Title III program.

Under this new program, which emphasizes the integration of U.S. food aid programs into the development programs of the U.S. government and those of the recipient country, commodities are donated to least developed countries. The donated commodities are sold in the recipient country and the revenue generated may be used in that country to promote economic development. The law also stresses several specific development themes including enhancement of food security, privatization of food and agricultural distribution systems, and support of nutrition improvement and child survival initiatives. In addition, Title III resources may generally be used to promote broad-based, equitable, and sustainable economic development, including agriculture.

The "least developed" countries are defined in section 302 of P.L. 480 and are based on the poverty criteria established for Civil Works Preference by the World Bank. For fiscal year 1992, this criteria included countries with a per capita GNP of less than \$610.

Countries that do not meet the poverty criteria may still be considered "least developed" for purposes of Title III eligibility if they meet each of the following three food deficit criteria established in P.L. 480: the daily per capita consumption of the country is less than 2,300 calories; the mortality rate of children under five years of age in the country is in excess of 100 per 1,000 births; and the country is unable to meet its food security requirements through domestic production or imports due to a shortage of foreign exchange earnings.

Based on the fiscal year 1992 guidelines, 51 countries, one-half of which are in Africa, are identified as "least developed," and are therefore considered eligible for Title III food aid.

Although a country may satisfy the definition of a "least developed country," it still may not be provided assistance under Title III if other statutory or policy restrictions or funding constraints on providing assistance to that country exist.

The U.S. Government will donate Title III agricultural commodities without charge to the recipient country and will arrange for and pay the costs of purchasing, processing, handling and transporting the commodities to the port or point of entry in the recipient country.

FOOD SECURITY WHEAT RESERVE

The Food Security Wheat Reserve was established under authority of the Food Security Wheat Reserve Act of 1980 (P.L. 96-494). The Act authorizes a reserve of up to 147 million bushels (four million metric tons) of wheat which can be made available for programming through P.L. 480 to provide emergency humanitarian food assistance to developing countries.

Wheat from the reserve can be released by the President under two conditions. First, up to four million metric tons of the reserve can be made available for P.L. 480 programming any time the U.S. domestic supply of wheat is so limited that quantities of wheat cannot be made available for P.L. 480 under the availability criteria set forth in Section 401(a) of the Agricultural Trade Development and Assistance of 1954. Second, up to 300,000 metric tons of wheat may be released from the reserve in any fiscal year for use under Title II to provide urgent humanitarian relief in any developing country suffering a major disaster, and when the normal means of obtaining commodities for food assistance make timely programming impossible. Reimbursement to the Corporation for wheat released from the reserve is to be made from funds made available to P.L. 480 at the lower of the actual costs incurred by the Corporation or the export market price of wheat, as determined by the Secretary, at the time of export. The FACT Act added a provision requiring replenishment of the reserve no later than 18 months after the release of stocks. Replenishment may be made either through purchases to the extent funds are appropriated in advance and provided that such purchases do not unduly disrupt the market, or by designating an equivalent quantity of CCC-owned wheat from uncommitted stocks.

On May 31, 1991, the President authorized the release of up to 300,000 metric tons of wheat from the reserve for use in P.L. 480 Title II for urgent humanitarian food needs in Africa, Asia, and the Middle East. It was determined that relief could not be programmed in a timely manner under the normal means of obtaining food assistance. This release was in response to the hunger and malnutrition existing in developing countries due to major disasters. As of September 30, 1991, 2.1 million bushels of wheat had been committed for use in the P.L. 480 Title II program. The reserve was replenished at the beginning of fiscal year 1992.

JUSTIFICATION OF INCREASES AND DECREASES
P.L. 480 PROGRAM ACCOUNT (DIRECT CREDIT)

- (1) A decrease of \$37,770,000 in Title I direct credit (\$511,619,000 available in 1992).

Need for Change. Due to anticipated reductions in commodity costs a lower program level is necessary to provide approximately the same level of support as in 1992.

Nature of Change. This reduction in program level will provide commodity shipments of 2.9 million metric tons (MMT) compared to the 3.0 MMT estimated for 1992.

- (2) A decrease of \$70,556,000 in Title I subsidy (\$388,319,000 available in 1992).

Need for Change. Under credit reform requirements, the lifetime subsidy cost of direct credit must be requested in advance through appropriation.

Nature of Change. Based on new economic assumptions and updated assumptions of defaults and repayments the subsidy is decreased.

- (3) An increase of \$688,000 in total administrative expenses (\$1,815,000 available in 1992). Administrative expenses are transferred to OGSM and ASCS for administration of P.L. 480 Title I credit sales. These increases are justified as part of total OGSM and ASCS administrative funds.

JUSTIFICATION OF INCREASES AND DECREASES
P.L. 480 GRANT ACCOUNT

(4) A decrease of \$91,116,000 for P.L. 480 grants (\$1,095,866,000 available in 1992) consisting of:

(a) A decrease of \$70,287,000 in the Title II program (\$710,087,000 available in 1992).

Need for Change. This decrease reflects the expectation that commodity unit prices will be lower in fiscal year 1993 and tonnage shipped will increase very slightly. Anticipated commodity shipments are estimated at 2.085 MMT in fiscal year 1992 and 1.976 MMT in fiscal year 1993. Total P.L. 480 shipments remain at 6.0 MMT, the same as the anticipated 1992 level.

Nature of Change. Decreases in commodity prices and commodities shipped result in this decrease.

(b) A decrease of \$6,894,000 in the Title III program (\$333,594,000 available in 1992).

Need of Change. This decrease reflects the expectation that commodity unit prices will generally be lower in fiscal year 1993. This decrease is partially offset by an expected increase in metric tonnage from 1.4 MMT in fiscal year 1992 to 1.6 MMT in fiscal year 1993. This increase contributes to maintenance of the total P.L. 480 1992 expected tonnage shipped of 6.6 MMT.

Nature of Change. Decreased commodity prices outweigh the increased cost of larger shipments.

(c) A decrease of \$13,935,000 in Title I ocean freight differential costs (\$52,185,000 available in 1992). A lower P.L. 480 Title I program level proposed for 1993 will result in reduced program tonnage.

Program costs consist of the export value of commodities shipped, authorized ocean freight differential costs for shipments made in U.S. flag vessels, and authorized ocean freight financing expenses.

Following is a breakdown of expenses of shipments by commodity for the fiscal years 1991, 1992, and 1993.

Public Law 480, Title I
Expenses of shipments — Sales for foreign currencies and for dollars on credit terms, 1991 - 1993:

Commodity	Unit of Measure	1991 Actual		1992 Estimated		1993 Estimated	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn.....	bushel	12,078,172	33,421,247	10,562,000	26,300,000	9,959,000	24,300,000
Wheat and products.....	bushel equiv.						
Rice.....	cwt.	97,947,122	327,299,720	82,491,000	319,919,000	81,113,000	296,349,000
Cotton, upland.....	bale	3,433,070	43,922,500	2,068,000	34,600,000	2,054,000	32,000,000
Soybean, products.....	pound	25,125	9,831,026	33,000	11,900,000	31,000	11,000,000
Vegetable oil products.....	pound	8,730,230	849,703	—	—	—	—
Tallow.....	pound	467,362,230	62,466,452	620,771,000	102,100,000	556,969,000	92,300,000
Wood.....	metric ton	88,780,108	12,452,192	119,488,000	16,800,000	110,953,000	15,600,000
		11,248,300	2,197,754	—	—	8,182,980	2,300,000
Total commodity costs.....		—	a/ 492,440,595	—	511,619,000	—	473,849,000
Ocean freight differential....	metric ton	b/ 1,867,716	63,335,505	b/ 1,436,095	52,185,000	b/ 1,393,365	38,250,000
Total expenses of shipment....		—	555,776,100	—	563,804,000	—	512,099,000

a/ Reflects \$1.5 million initial payments to exporters.

b/ Based on 50.0 percent of tonnage on U.S. flag vessels at average rate.

Costs financed include payment to the Corporation for its investment in commodities made available, including acquisition costs, storage, processing and packaging, inland transportation, and handling charges. Commodities supplied from the Corporation's inventory, if acquired under a price support program, are valued at a price not greater than the export market price at the time of delivery. Costs of ocean transportation are paid from U.S. ports to designated ports of entry abroad, or designated points of entry in landlocked countries. The following table shows estimated expenses of shipments of commodities for fiscal years 1991, 1992, and 1993:

Public Law 480, Title II
Expenses of shipments — Commodities supplied in connection with dispositions abroad, 1991 - 1993:

Commodity	Unit of Measure	1991 Actual		1992 Estimated		1993 Estimated	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn.....	bushel	10,590,533	30,889,100	10,395,000	25,905,000	9,865,000	24,032,000
Corn products.....	pound	188,115,326	17,777,548	143,781,000	12,595,000	135,675,000	11,583,000
Grain sorghum.....	bushel	6,165,875	18,208,301	3,822,000	8,924,000	4,456,000	10,306,000
Sorghum products.....	pound	30,704,357	2,893,410	22,820,000	2,193,000	39,484,000	3,751,000
Oat products.....	pound	---	-62,077	---	---	---	---
Total feed grains.....			69,706,282		49,617,000		49,672,000
Wheat	bushel	21,501,459	70,370,928	24,413,000	93,012,000	22,435,000	80,630,000
Wheat flour.....	pound	287,769,388	25,598,205	215,635,000	20,550,000	208,408,000	18,715,000
Bulgur.....	pound	358,800,645	28,182,354	376,215,000	32,075,000	393,989,000	30,999,000
Other wheat products.....	pound	39,387,978	6,091,651	36,271,000	6,119,000	39,642,000	6,307,000
Total wheat and products....	bushel equiv.	35,353,000	130,243,138	36,915,000	151,756,000	35,178,000	136,651,000
Rice, milled.....	cwt.	5,071,053	60,531,412	4,700,000	78,683,000	2,649,000	41,222,000
Dry edible beans.....	cwt.	639,012	18,621,475	1,023,000	27,842,000	522,000	14,222,000
Blended food products.....	pound	529,773,461	73,215,851	565,401,000	72,666,000	504,641,000	63,853,000
Peas.....	pound	98,741,652	20,057,190	42,205,000	6,221,000	41,391,000	6,101,000
Butter.....	pound	---	---	---	---	---	---
Butter oil.....	pound	---	1,518	---	---	---	---
Milk, nonfat dry.....	pound	---	-103,221	---	---	224,431,000	32,565,000
Total dairy products.....			-101,703	---	---	224,431,000	32,565,000
Vegetable oil products.....	pound	250,147,239	93,011,098	285,981,000	98,978,000	232,237,000	82,444,000
Lentils.....	pound	---	-17,631	74,722,000	16,267,000	70,629,000	15,376,000
Total commodity costs.....			465,267,112	---	502,030,000	---	442,106,000
Ocean transportation.....	metric ton	2,023,970	282,332,259	2,084,835	208,057,000	1,975,734	197,694,000
Total expenses of shipment.....			747,599,371	---	710,087,000	---	639,800,000

Public Law 480, Title III
Expenses of shipments — Commodities supplied in connection with dispositions abroad, 1991 - 1993:

Commodity	Unit of Measure	1991 Actual		1992 Estimated		1993 Estimated	
		Quantity	Value	Quantity	Value	Quantity	Value
Feed grains:							
Corn.....	bushel			3,896,000	9,700,000	6,107,000	14,900,000
Wheat and products.....	bushel equiv.						
Rice, milled.....	cwt.	652,734	2,242,206	40,276,000	153,600,000	48,279,000	173,900,000
Cotton, upland.....	bale			3,754,000	62,800,000	2,688,000	41,800,000
Vegetable oil products.....	pound						
Tallow.....	pound			125,939,000	28,500,000	32,674,000	7,600,000
Dry edible beans.....	cwt.			40,541,000	5,700,000	43,385,000	6,100,000
Allocated-no commodity designation.....	metric tons						
Total commodity costs.....		—	2,242,206	—	260,300,000	—	244,300,000
Ocean transportation.....							
Total expenses of shipment....	metric ton	17,765		719,427 a/	73,294,000	808,489 a/	82,400,000
		—	2,242,206	—	333,594,000	—	326,700,000

a/ Based on 50.0 percent of tonnage on U.S. flag vessels at average rate.

Public Law 480 Title I

Proposed Country Allocations

COUNTRY	FISCAL YEAR 1992	FISCAL YEAR 1993
Albania	7,500,000 a/	---
Bulgaria	---	10,000,000
Congo	5,000,000	---
Costa Rica	10,000,000	10,000,000
Cote D' Ivoire	10,000,000	10,000,000
Dominican Republic	10,000,000	10,000,000
Egypt	150,000,000	150,000,000
El Salvador	30,000,000	30,000,000
Guatemala	15,000,000	15,000,000
Guyana	5,000,000	---
Jamaica	30,000,000	30,000,000
Jordan	20,000,000	20,000,000
Morocco	35,000,000	20,000,000
Nicaragua	25,000,000 a/	---
Pakistan	20,000,000	50,000,000
Panama	4,000,000 a/	---
Philippines	20,000,000	20,000,000
Poland	10,000,000	---
Romania	---	10,000,000
Sierra Leone	7,000,000 b/	---
Sri Lanka	5,000,000	10,000,000
Tunisia	10,000,000	5,000,000
Yemen	10,000,000	10,000,000
Subtotal, allocation	438,500,000	410,000,000
Reserve	<u>73,119,000</u>	<u>63,849,000</u>
Total Allocation	511,619,000	473,849,000
Ocean Freight Differential	<u>52,185,000</u>	<u>38,250,000</u>
Total Program Level	<u><u>563,804,000</u></u>	<u><u>512,099,000</u></u>

a/ Food for Progress agreements which include transportation costs as follows: Albania, \$2.3 million; Panama, \$800,000; and Nicaragua, \$4.9 million.

b/ Total includes \$2 million for financing transportation costs.

TABLE 1. - 1964

Source: U.S. Bureau of Economic Analysis

Country	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958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AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Purpose Statement

The Agricultural Stabilization and Conservation Service (ASCS) was established by the Secretary of Agriculture on June 5, 1961, under the authority of Reorganization Plan No. 2 of 1953, in accordance with the Reorganization Act of 1949, as amended (5 U.S.C. 901-913). The warehouse examination function was transferred from the Agricultural Marketing Service to ASCS under Secretary's Memorandum 1020-15, effective May 13, 1984. The U.S. Warehouse Act (7 U.S.C. 241-273) is the legislative authority for this program. The Food Security Act of 1985 (P.L. 99-198), enacted on December 23, 1985, provided for changes to several existing programs and required the implementation of many new programs, primarily those operated through the Commodity Credit Corporation. The Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act, P.L. 101-624), enacted on November 28, 1990, extended and revised existing programs and provided several new programs.

The ASCS conducts its programs in the field through a number of offices. Agricultural Stabilization and Conservation State and county committees are responsible for local administration of a variety of programs dealing directly with the farmer. Through the farmer-elected Agricultural Stabilization and Conservation (ASC) county committees, ASCS also obtains recommendations and advice in the formulation of program plans and policies. There are 3,053 county committees, 50 ASC State committees, and an ASC committee in Puerto Rico. The Washington headquarters offices and the Kansas City field offices are the principal staff offices for carrying out activities of the Commodity Credit Corporation (CCC). Such functions include accounting for loans and purchases; acquisition, management, storage, and disposition of commodities; and related transportation and accounting activities.

ASCS licenses warehouses and performs inspections of these facilities, for a fee, to reduce the risk of financial loss to depositors storing commodities at licensed facilities. Inspections are also performed on nonlicensed facilities that have storage contracts with CCC for commodities owned by or pledged as collateral to CCC.

Permanent, full-time, end-of-year Federal employment for ASCS for fiscal years 1991, 1992, and 1993 is as follows:

<u>Federal Employment</u>	<u>FY 1991 (actual)</u>	<u>FY 1992 (estimate)</u>	<u>FY 1993 (estimate)</u>
Washington	707	712	712
Field Offices (States, Kansas City field offices, and Aerial Photography Field Office)	<u>2,324</u>	<u>2,338</u>	<u>2,338</u>
TOTAL FEDERAL	<u>3,031</u>	<u>3,050</u>	<u>3,050</u>
ASCS county office Staff-years (FTE's)	<u>15,012</u>	<u>15,012</u>	<u>15,012</u>

Following are the principal programs and funding related to ASCS operations:

1. Salaries and Expenses Account. The administrative expenses of Agency programs and other functions assigned to ASCS are funded by this account. The account was established by the Agricultural Appropriation Act of 1963 (P.L. 87-879) to simplify budgetary and accounting requirements and recordkeeping. Salaries and expenses for administering commodity price support, related CCC programs, warehouse examinations, conservation, and all other programs are financed by direct appropriation, funds transferred from the CCC, user fees, and various transfers, advances, and reimbursements. The Agricultural Appropriation Act of 1964 (P.L. 88-250) authorized the merger of all sources of administrative expense funds, including those transferred from CCC.
2. Conservation Reserve Program. The Conservation Reserve Program (CRP) was mandated by sections 1231-1244 of the Food Security Act of 1985, as amended by sections 1411-1499 of the Food, Agriculture, Conservation, and Trade Act of 1990, to establish permanent cover on highly erodible or environmentally sensitive cropland. The primary objectives of the CRP are to help farmers obtain environmental improvements by reducing erosion, enhancing water quality, and improving wildlife habitat.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on all cropland meeting the following eligibility criteria:

- belongs to land capability class VI through VIII,
- has an erosion index greater than 8 with soil loss above the tolerance ("T") level,
- erodes at three times "T" or more,
- erodes at twice "T" if there is serious gully erosion or if trees are planted,
- is subject to scour erosion,
- belongs to a conservation priority area, designated "319" area, or salinity problem area, or
- will be placed under an environmental easement or is a designated wellhead protection area or other water quality impaired area.

Up to 44 million acres of eligible land may be entered into the reserve. The program is administered by State and local ASC committees working under the direction of ASCS. Technical assistance is provided by the Soil Conservation Service, the Forest Service, State forestry agencies, the Cooperative Extension Service, conservation districts and other appropriate agencies.

In exchange for entering land into the reserve, program participants receive annual rental payments in cash or CCC commodities, based on their accepted bids per acre, and the number of acres placed under 10- to 15-year contracts. In addition, farmers will receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage. The services and facilities of the CCC are used to issue CRP payments, with annual appropriations provided in advance.

3. Agricultural Conservation Program. This program is authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (P.L. 74-46), as amended and supplemented; sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970 (P.L. 91-524), as added by the Agriculture and Consumer Protection Act of 1973 (P.L. 93-86); section 1501 of the Food and Agriculture Act of 1977 (P.L. 95-113); and the Energy Security Act of 1980 (P.L. 96-294). The program's primary objective is to conserve the nation's agricultural soil and water resources in order to ensure a continuing adequate supply of food and fiber while enhancing the environment. The ACP focuses on the highest priority resource problems and the most cost-effective practices for dealing with these problems.

Through the ACP, farmers and landowners receive assistance of up to 75 percent of the cost of performing enduring conservation practices that would not be carried out without ACP assistance.

The program is developed jointly by ASC committees, the Soil Conservation Service, the Forest Service, and in most instances, the soil and water conservation districts and State conservation commissions. Program development is done in consultation with National, State, and county ACP conservation review groups, the Cooperative Extension Service, the Farmers Home Administration, and representatives of local agencies and nongovernmental organizations. The Soil Conservation Service, Extension Service, Forest Service, and State forestry agencies provide technical program guidance to ASC committees as well as technical aid to farmers in carrying out conservation practices. The ACP is administered by ASC State, county, and community farmer-elected committees, working under the general direction of ASCS.

4. Wetlands Reserve Program. The Wetlands Reserve Program is authorized by Title XIV, Section 1438, of the 1990 FACT Act. The primary objectives of the program are to preserve and restore wetlands, improve wildlife habitat, and protect migratory waterfowl.

The Secretary of Agriculture, through designated ASC county offices, uses program funds to enter into agreements with landowners that operate farmed or converted wetlands, farmed wetland or prior converted and adjoining land in CRP or riparian corridors. The agreements require participants to provide easements on accepted acres. Technical assistance is provided by the Soil Conservation Service.

Program participants will receive lump-sum payments or payments over a specified number of years for wetlands easements, and payments for cost-share assistance for carrying out conservation measures and practices. The fiscal year 1992 Appropriations Act (P.L. 102-142) provided initial funding for the program.

5. Colorado River Basin Salinity Control Program. This program is authorized by Section 202(c) of Title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)). The purpose of the program is to reduce salinity in the Colorado River and to improve water quality delivered to downstream users in the U.S. and Mexico by identifying salt source areas, developing plans, and implementing salinity control measures. Measures include improvement of on-farm irrigation water management, related laterals, and erosion management practices. The Federal Government provides financial and technical assistance to landowners to plan, install, and maintain needed soil and water conservation practices, including replacement of incidental fish and wildlife values; conducts research, demonstration, and education activities; and monitors and evaluates program effectiveness. The program provides for up to a 70-percent Federal cost-share rate with reimbursement of 30 percent of ASCS cost-share funds by the States (to be billed by USDI and paid by the States to Treasury), for an effective Federal cost-share level of approximately 49 percent. The program will be carried out in the seven Colorado River Basin States, with current emphasis on projects in Colorado, Nevada, Utah, and Wyoming.
6. Forestry Incentives Program. This program is authorized by the Cooperative Forestry Assistance Act of 1978 (P.L. 95-313), as amended by Title XII of the FACT Act. Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial, private forest lands; to decrease, over time, expected shortages and rising prices of timber; and to help ensure effective use of available forest lands. Program objectives are met by providing cost-share and technical assistance to landowners to encourage voluntary

installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timberstand improvement.

7. Water Bank Program. This program is authorized by the Water Bank Act (P.L. 91-559), enacted December, 1970, as amended by P.L. 96-182, enacted January, 1980. Its objectives are to conserve surface water; preserve and improve migratory waterfowl and wildlife-related resources; reduce runoff, soil and wind erosion; improve flood control; contribute to improved soil moisture; reduce the acreage of land brought into agricultural production; retire land now in production; enhance landscape aesthetics; and promote comprehensive water management planning. Ten-year agreements are entered into with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas for the conservation of specified wetlands.

The agreements are for 10-year periods with provision for renewal for additional periods. Rates are established by the ASC State committee based on prevailing local land values. Payment rates may be adjusted at the beginning of the fifth year of the agreements to reflect current land values.

8. Emergency Conservation Program. This program is authorized by Title IV of the Agricultural Credit Act of 1978 (P.L. 95-334) and amended by the Disaster Assistance Act of 1989, section 402. Its objective is to restore to normal agricultural use farmlands damaged by wind erosion, hurricane, flood, or other natural disaster and designated as eligible for assistance by ASC county committees. Also included under the program are water conservation and water enhancement practices during periods of severe drought as determined by the ASCS Deputy Administrator for State and County Operations. Up to 64 percent of the cost of carrying out approved practices under this program is shared with farmers.

9. Rural Clean Water Program. This experimental program was authorized by the Agricultural Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528). The program is a cooperative endeavor among farmers, various USDA agencies, and EPA to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. Improved water quality is achieved, in keeping with water quality goals and standards, in a cost effective manner. The program provides 3- to 10-year financial and technical assistance for the installation and maintenance of practices to control water pollution on agricultural lands in selected project areas. Treatment measures for each farm are based on an approved water quality plan.

The last RCWP contracts were signed in January 1990, and installation of practices is expected to be completed in most projects by the end of 1992. The effectiveness of these practices in reducing pollutants is being evaluated.

10. Dairy Indemnity Program. This program was established by section 3 of P.L. 90-484, "An Act to provide indemnity payments to dairy farmers." This law carried out the intent of P.L. 88-452, Economic Opportunity Act of 1964, which originally authorized indemnity payments. The program was extended through September 30, 1995, by section 110 of the FACT Act of 1990. Under this program, indemnity payments are made to farmers and manufacturers who are directed to remove their milk or milk products from commercial markets because of (1) residues of chemicals that have been registered and approved by the Federal Government, (2) residues of other chemicals and toxic substances, or (3) nuclear fallout. The authority also provides indemnity payments on cows producing such milk.

11. Commodity Credit Corporation Program Activities. Various commodity price support, export, and related programs have been authorized in numerous laws since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Agricultural Stabilization and Conservation Service are used in the administration of the CCC programs. The Administrator of ASCS is ex-officio Executive Vice President of the Corporation. Additional information on the commodity price support, export, and related activities of the Commodity Credit Corporation is found elsewhere in these Explanatory Notes.
12. Foreign Assistance Programs and Other Special Activities. Various foreign assistance programs and other special activities are authorized by law. These laws authorize the use of CCC funds and/or facilities to implement the programs. Under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended by section 1512 of the FACT Act of 1990, the Corporation assists in the sale of exported agricultural commodities (Title I) in accordance with credit reform financing provisions; donates commodities to foreign countries to alleviate famine or other emergency conditions and to combat hunger and malnutrition (Title II); and furnishes commodities to least developed countries through government-to-government agreements (Title III). Funds are made available to the Corporation for its costs incurred or to be incurred in connection with P.L. 480 activities. Additional information on these programs is found elsewhere in these Explanatory Notes.
13. Other Activities. The Agricultural Stabilization and Conservation Service is responsible for part of the Department's emergency preparedness work. This activity includes defense readiness for food production; domestic distribution of farm machinery, fertilizer, feed, and seed; food processing and storage; and distribution through the wholesale level. ASCS also performs certain services for other Federal agencies and others on an advance or reimbursable payment basis.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Available Funds and Staff—Years
1991 Actual and Estimated 1992 and 1993

Item	1991 Actual		1992 Estimated		1993 Estimated	
	Amount	Staff— Years	Amount	Staff— Years	Amount	Staff— Years
Salaries & Expenses, ASCS:						
Transfer from CCC	629,656,000	)	--		--	
Credit Reform Transfers:						
P.L. 480 Program Account	--	)	573,000	10	1,036,000	23
CCC Export Loans Program Account ...	--	)	589,000	10	621,000	13
Total, Credit Reform Transfers	--	)	1,162,000	20	1,657,000	36
Direct Appropriation	46,899,390	)	719,289,000	2,899	712,894,000	2,883
Total, Salaries & Expenses, ASCS	676,555,390	2,919	720,451,000	2,919	714,551,000	2,919
Agricultural Conservation Program	190,149,528		194,435,000		125,000,000	
Colorado River Basin Salinity Control Program	14,782,808		14,783,000		14,783,000	
Conservation Reserve Program	1,314,926,000		1,611,277,000		1,606,540,000	
Dairy Indemnity Program	5,000		5,000		--	
Forestry Incentives Program	12,445,838		12,446,000		12,446,000	
Water Bank Program	13,619,823		18,620,000		11,395,000	
Wetlands Reserve Program	--		46,357,000		160,893,000	
Emergency Conservation Program	9,999,870		6,000,000		--	
Subtotal, ASCS	2,232,484,257	2,919	2,624,374,000	2,919	2,645,608,000	2,919
Obligations under other USDA appropriations	41,102,768	282	46,868,000	282	54,987,000	282
Total, Agriculture and Related Agencies Appropriations	2,273,587,025	3,201	2,671,242,000	3,201	2,700,595,000	3,201
Other Federal Funds	431,056	1	600,000	1	600,000	1
Non—Federal Funds	17,235,500	46	18,618,000	46	36,865,000	46
Total, Agricultural Stabilization and Conservation Service	2,291,253,581	3,248	2,690,460,000	3,248	2,738,060,000	3,248

Full-Time Equivalent Staff—Years:	1991 <u>Actual</u>	1992 <u>Estimated</u>	1993 <u>Estimated</u>
Ceiling	3,248	3,248	3,248
Non-ceiling	65	70	60
Total	<u>3,313</u>	<u>3,318</u>	<u>3,308</u>

Note: Staff—years shown do not include staff—years for ASCS county and community committee persons and employees of ASCS county committees who are not Federal Employees.

ASCS county employee staff—years are as follows:

FY 1991 — 15,012
FY 1992 — 15,012
FY 1993 — 15,012

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
Permanent Positions by Grade and Staff-Year Summary
1991 and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
ES 6	1	0	1	1	0	1	1	0	1
ES 5	2	1	3	2	1	3	2	1	3
ES 4	8	1	9	9	1	10	9	1	10
ES 3	3	0	3	3	0	3	3	0	3
ES 2	3	0	3	2	0	2	2	0	2
ES 1	1	0	1	0	0	0	0	0	0
GS/GM 15	48	33	81	48	33	81	48	33	81
GS/GM 14	87	57	144	87	57	144	87	57	144
GS/GM 13	167	222	389	168	224	392	168	224	392
GS 12	88	667	755	92	672	764	92	672	764
GS 11	48	349	397	52	345	397	52	345	397
GS 10	1	5	6	1	6	7	1	6	7
GS 9	51	156	207	48	148	196	48	148	196
GS 8	10	17	27	10	17	27	10	17	27
GS 7	58	210	268	56	208	264	56	208	264
GS 6	56	150	206	58	152	210	58	152	210
GS 5	38	304	342	36	306	342	36	306	342
GS 4	22	94	116	20	96	116	20	96	116
GS 3	6	24	30	5	24	29	5	24	29
GS 2	1	1	2	1	1	2	1	1	2
GS 1	0	0	0	0	0	0	0	0	0
Ungraded Positions	8	33	41	8	33	41	8	33	41
Total Permanent Positions	707	2,324	3,031	707	2,324	3,031	707	2,324	3,031
Staff-years: Ceiling	676	2,572	3,248	676	2,572	3,248	676	2,572	3,248
Non-Ceiling	17	48	65	19	51	70	15	45	60
TOTAL	693	2,620	3,313	695	2,623	3,318	691	2,617	3,308

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

CLASSIFICATION BY OBJECTS

Agency Summary

1991 and Estimated 1992 and 1993

	<u>1991</u>	<u>1992</u>	<u>1993</u>
PERSONNEL COMPENSATION:			
Headquarters	\$26,966,000	\$28,477,000	\$29,955,000
Field	<u>80,899,000</u>	<u>85,430,000</u>	<u>89,866,000</u>
11 Total personnel compensation	107,865,000	113,907,000	119,821,000
12 Personnel Benefits	21,992,000	23,706,000	24,780,000
13 Benefits for former personnel	<u>621,000</u>	<u>644,000</u>	<u>669,000</u>
Total pers. comp and benefits	<u>130,478,000</u>	<u>138,257,000</u>	<u>145,270,000</u>
OTHER OBJECTS:			
21 Travel	5,266,000	5,721,000	5,721,000
22 Transportation of things	1,305,000	1,669,000	1,664,000
23.2 Rental payment to others	4,189,000	4,189,000	5,244,000
23.3 Comm., util., & misc. charges	12,413,000	20,383,000	19,580,000
24 Printing and reproduction	2,792,000	3,373,000	3,373,000
25 Other services	38,782,000	45,922,000	69,045,000
26 Supplies and materials	4,557,000	4,777,000	4,777,000
31 Equipment	720,000	1,136,000	1,136,000
41 Grants, subsidies, and contributions a_ /	2,349,480,000	2,584,853,000	2,586,808,000
42 Insurance claims and indemnities	17,000	20,000	20,000
43 Interest and dividends	4,000	9,000	9,000
44 Refunds	<u>57,000</u>	<u>60,000</u>	<u>60,000</u>
Total other objects	<u>2,419,582,000</u>	<u>2,672,112,000</u>	<u>2,697,437,000</u>
Total direct obligations	<u>2,550,060,000</u>	<u>2,810,369,000</u>	<u>2,842,707,000</u>

a_ / County office staff—year costs are included here.

POSITION DATA :

Average Salary, ES positions	98,655	101,763	105,651
Average Salary, GS/GM positions	35,429	36,545	37,941
Average Grade, GS/GM positions	9.77	9.96	9.97

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

SALARIES AND EXPENSES (INCLUDING TRANSFERS OF FUNDS)

- For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.); sections 7 to 15, 16(a), 16(f) and 17 of the Soil Conservation and Domestic Allotment Act, as amended [and supplemented] (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q); sections 1001 to 1004, 1006 to 1008, and 1010 of the Agricultural Act of 1970 [as added by the Agriculture and Consumer Protection Act of 1973],
 1 as amended (16 U.S.C. 1501 to 1504, 1506 to 1508, and 1510); the Water Bank Act, as amended (16 U.S.C. 1301-1311); the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101); sections 202(c) and 205 of title II of the Colorado River Basin Salinity Control Act of 1974, as amended (43 U.S.C. 1592(c), 1595); sections 401, 402, and 404 to 406 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 to 2205); the United States Warehouse Act, as amended (7 U.S.C. 241-273); Title XII of
 2 the Food Security Act of 1985, as amended (16 U.S.C. 3811 et seq.); and laws pertaining to the Commodity Credit Corporation, [\$720,451,000] \$714,551,000; of which [\$719,289,000] \$712,894,000 is hereby appropriated, and [\$573,000] \$1,036,000 is transferred from the Public Law 480 Program Account in this Act and [\$589,000] \$621,000 is transferred from the Commodity Credit Corporation Program Account in this Act: Provided, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this account: Provided further, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That no part of the funds made available under this Act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any
 3 activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations [: Provided further, That funds contained herein shall be available for establishing and maintaining a National Appeals Division provided for under section 426 of the Agricultural Act of 1949].
 4

The first and second changes in language are technical changes.

The third change provides a language reference for administration of the Wetlands Reserve Program.

The fourth change in language is for the purpose of deleting the provision regarding the National Appeals Division since the office will be established in fiscal year 1992.

Agricultural Stabilization and Conservation ServiceSALARIES AND EXPENSES

Appropriations Act, 1992		\$720,451,000 *
Budget Estimate, 1993		714,551,000 *
Decrease in Appropriation		<u><u>-\$5,900,000</u></u>

SUMMARY OF INCREASES AND DECREASES
(On basis of Appropriation and Credit Reform Transfers)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Costs</u>	<u>Other Personnel Related</u>	<u>1993 Estimated</u>
Salaries and Expenses:	\$720,451,000	+\$11,500,000	-\$17,400,000	\$714,551,000

*Includes estimated funding from the following sources:

	<u>\$000</u>		
	<u>1992 Estimated</u>	<u>Change</u>	<u>1993 Estimated</u>
Direct Appropriation	\$719,289	-\$6,395	\$712,894
Credit Reform Transfers:			
PL 480 Program Account	573	+463	1,036
CCC Export Loans Program Account	<u>589</u>	<u>+32</u>	<u>621</u>
TOTAL	<u><u>\$720,451</u></u>	<u><u>-\$5,900</u></u>	<u><u>\$714,551</u></u>

PROJECT STATEMENT
(On basis of appropriation and CCC transfers)

	1991 Actual		1992 Estimated		Increase or Decrease	1993 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Program for- mulation and appraisal.....	\$25,052,196	108	\$26,646,000	108	-\$217,000	\$26,429,000	108
2. Operation of supply ad- justment, conservation and price support pro- grams.....	582,294,295	2,506	619,350,000	2,506	-\$5,051,000	614,299,000	2,506
3. Inventory management and merchan- dising.....	69,739,899	300	74,178,000	300	-\$605,000	73,573,000	300
4. Warehouse examination.....	219,000	5	277,000	5	-\$27,000	250,000	5
Total available.....	677,305,390	2,919	720,451,000	2,919	-\$5,900,000	714,551,000	2,919
Transfer from CCC transfer authority.....	-629,656,000	-2,919	--	--	--	--	--
Portion not drawn down.....	-750,000		--				
Transfer from P.L. 480 Pro- gram Account.....	--		-573,000	-10	-463,000	-1,036,000	-23
Transfer from CCC Export Loans Program Account..	--		-589,000	-10	-32,000	-621,000	-13
P.L. 99-177, GR Reduction.....	+610						
Total, Appropriation..	46,900,000		719,289,000	2,899	-6,395,000	712,894,000	2,883

JUSTIFICATION OF INCREASE AND DECREASE

A net decrease of \$5,900,000 for ASCS farm program administration
(\$720,451,000 available in fiscal year 1992) consisting of:

- (a) An increase of \$11.5 million for pay costs which consists of \$5.7 million for the full annualization of the Fiscal Year 1992 pay raise and \$5.8 million for a portion of the Fiscal Year 1993 pay raise.
- (b) A \$17.4 million decrease in county office staff year costs funded through direct appropriation.

EXPLANATION OF PROGRAM

The account "Salaries and Expenses, Agricultural Stabilization and Conservation Service" funds the administrative expenses of program administration and other functions assigned to ASCS. The Budget for Salaries and Expenses, ASCS, reflects funding provided by direct appropriations. Funds made available to ASCS by other agencies for services associated with various programs are also advanced to and merged with this account including the transfer of funds for Credit Reform administrative expenses from other accounts. All administrative funds used by ASCS are consolidated into one account, which provides clarity and better management and control of funds. The consolidation facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

The activities carried out under this account are as follows:

1. Program formulation and appraisal. The supply adjustment, conservation, and commodity support programs have a major impact on the national and, to a lesser extent, the international economy. This activity provides for the development and constant review of the effectiveness of these programs. It also provides for the analysis of data to formulate more effective programs.

2. Operation of supply adjustment, conservation, and price support programs. This activity includes all functions dealing with the administration of programs carried out through the farmer committee system, including (a) developing program regulations and procedures; (b) holding meetings with employees and producers to discuss new programs or changes in existing programs; (c) collecting and compiling basic data for individual farms; (d) establishing individual farm allotments, bases, and yields; (e) notifying producers of established allotments, bases, and yields; (f) determining farm marketing quotas; (g) handling appeals; (h) conducting referendums and certifying results; (i) accepting farmer certifications and checking compliance; (j) accepting producer applications for participation in commodity price stabilizing programs; (k) issuing marketing cards so that production from the allotted acreage can be marketed without penalty; (l) processing producer requests for conservation cost-sharing and issuing conservation reserve rental payments; (m) producer signups and entering into easement agreements for the Wetlands Reserve Program; (n) processing commodity, storage facility, and grain reserve loans and repayments and issuing checks; (o) processing disaster and deficiency payments and issuing checks and commodity certificates; and (p) certifying payment eligibility and monitoring payment limitations.

3. Inventory management and merchandising. This activity includes: (a) overall management of CCC-owned commodities; (b) purchasing commodities; (c) donating commodities; (d) selling commodities (e) processing the redemption of commodity certificates for CCC inventory; and, (f) accounting for loans and commodities. The foregoing activities serve as administrative support for the following missions of the Department as described previously under Foreign Assistance Programs, Agricultural Stabilization and Conservation Service, and Commodity Credit Corporation, respectively:

- o Agricultural exports
- o Environmental improvement and resource development and use
- o Farm income

4. Warehouse Examination. This activity provides for the examination of warehouses licensed under the U.S. Warehouse Act and non-licensed warehouses storing CCC-owned or pledged commodities. ASCS examiners perform periodic examinations of the facilities and the warehouse records to ensure protection of depositors against potential losses of the stored commodities and to ensure compliance with the U.S. Warehouse Act and any CCC storage agreements.

The following tabulation shows totals in this account for administrative expenses:

Project	1991 Actual	1992 Estimated	1993 Estimated
The obligations are distributed by activities as follows:			
1. Program formulation and appraisal.....	\$26,934,000	\$28,757,000	\$29,575,000
2. Operation of supply adjustment, conservation, & price support programs.....	626,042,000	668,421,000	687,435,000
3. Inventory management and merchandising.....	74,980,000	80,056,000	81,596,000
4. Warehouse examination.....	7,369,000	9,303,000	8,397,000
Total.....	\$735,325,000	\$786,537,000	\$807,003,000
Obligations under direct appropriation and CCC transfers:			
ASCS.....	676,555,000	720,451,000	714,551,000
Obligations under funds from other sources and consolidated with this account.....	58,770,000	66,086,000	92,452,000
Total.....	735,325,000	786,537,000	807,003,000

HOW ESTIMATES ARE MADE

Following is a brief description of the process for estimating requirements for Salaries and Expenses, ASCS:

County Offices. A work measurement study is made in approximately 160 counties to determine actual time required to complete units of work by category. Time and units reported by these work measurement counties are used to establish coefficients. Coefficients are then applied to units of work reported by all 2,678 headquarter counties for each category of work in each major program or function. Unmeasured work reflects other activities, less subject to this work measurement technique, which are recorded on an actual workday basis. This determines the normal work—days required for the workload involved in each fiscal year. The workload for each major program or function is shown in Table I and reflects changing program requirements.

The actual obligations for 1991, divided by the actual work—years, determined the average work—year cost for 1991. This cost was revised for 1992 and 1993 to reflect related pay adjustments and for changing workload and personnel requirements.

State, Field, and National Office Costs. Requirements for these offices are determined on the basis of past experience and program workload requirements. Table II reflects volume by major activity for field and national offices.

COMPUTATIONS FOR DEVELOPING COUNTY OFFICE AND TOTAL COSTS

The computations below include all funds (CCC transfers, appropriated funds, user fees, other advances and reimbursements) available to Salaries and Expenses, ASCS:

Fiscal Year 1991

Normal work—days (Table 1).....	3,903,208
Work—years for workload programs.....a/	15,012
Obligations for workload programs (county offices).....a/	\$539,635,000
Obligations for other offices.....	\$195,690,000
Total obligations, fiscal year 1991.....	\$735,325,000

Fiscal Year 1992

Normal work—days (Table 1).....	3,903,208
Work—years for workload programs.....a/	15,012
Obligations for workload programs (county offices).....a/	\$564,276,000
Obligations for other offices.....	\$222,261,000
Total obligations, fiscal year 1992.....	\$786,537,000

Fiscal Year 1993

Normal work—days (Table 1).....	3,903,208
Work—years for workload programs.....a/	15,012
Obligations for workload programs (county offices).....a/	\$572,048,000
Obligations for other offices.....b/	\$234,955,000
Total obligations, fiscal year 1993.....	\$807,003,000

a/ The following work—years and funds are included for reimbursable county office workload associated with the Federal Crop Insurance Act of 1980.

	FY 1991		FY 1992		FY 1993	
	<u>Work—years</u>	<u>Dollars</u>	<u>Work—years</u>	<u>Dollars</u>	<u>Work—years</u>	<u>Dollars</u>
FCIC.....	181	\$6,153,000	142	\$5,215,000	172	\$6,206,000

b/ Includes an estimate of \$6,425,000 for reimbursable workload in Federal offices associated with the sale and service of crop insurance policies sold by ASCS. This estimate is based on sale and service of \$25 million in premium at a reimbursement rate of 25.7 percent of premium collected.

TABLE 1

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
SALARIES AND EXPENSES, ASCS

Normal Work – Days by Program/Function
FY 1991 Actual, FY 1992 Estimated and FY 1993 Projected

Program/Function	FISCAL YEAR		
	1991 Actual	1992 Estimated	1993 Projected
Conservation and Related Programs.....	377,939	404,602	391,503
Wool and Mohair.....	21,700	21,700	21,700
Loan Activity.....	219,042	207,860	236,835
Compliance.....	717,830	738,458	732,725
Yield and Base Establishment.....	188,366	155,000	155,000
Commodity Program Payments....	355,875	384,688	388,483
Basic Farm Records.....	504,746	515,557	526,001
Peanut Quotas and Marketings....	23,221	23,221	23,221
Tobacco Allotment and Marketings.....	76,034	77,034	77,034
Referenda.....	6,701	5,663	1,644
Administration.....	925,922	925,335	925,000
Committee Elections.....	36,524	36,524	36,524
Unmeasured.....	218,781	159,136	136,440
Measurement Services.....	167,832	195,098	190,135
State and County Office Automation Project.....	15,637	16,300	16,300
Subtotal.....	3,856,150	3,866,176	3,858,545
FCIC and Reinsured Companies..	47,058	37,032	44,663
Total.....	3,903,208	3,903,208	3,903,208
County Staff Year Equivalent of Normal Workdays.....	15,012	15,012	15,012

TABLE II

COMMODITY CREDIT CORPORATION
Summary of Major Program Volume by Commodity
(In thousands)

Item and Commodity	Units	FY 1991 Actual	FY 1992 Estimated	FY 1993 Estimated
1. LOANS MADE				
Upland Cotton	(bales)	3,154	8,487	6,000
Corn	(bu)	1,095,673	983,400	1,100,000
Grain Sorghum	(bu)	23,559	45,000	60,000
Rice, Rough	(cwt)	150,066	111,136	134,258
Wheat	(bu)	299,338	233,000	341,000
Soybeans	(bu)	243,259	268,000	265,000
Minor Oilseeds	(cwt)*	98	3,313	3,688
Other Grains	(bu)**	39,648	47,300	45,700
Honey	(lb)	149,516	105,869	112,750
ELS Cotton	(bales)	11	10	25
2. LOAN COLLATERAL FORFEITURES				
Upland Cotton	(bales)	2	0	0
Corn	(bu)	291,131	1,864	0
Grain Sorghum	(bu)	9,624	0	0
Rice, Rough	(cwt)	195	107	131
Wheat	(bu)	65,589	468	0
Soybeans	(bu)	49	0	0
Minor Oilseeds	(cwt)*	0	0	0
Other Grains	(bu)**	241	26	0
Honey	(lb)	1,703	2,205	2,225
ELS Cotton	(bales)	0	0	0
3. DISPOSITIONS				
Upland Cotton	(bales)			
Regular		0	1	0
Certificates		31	0	0
Total		31	1	0
Corn	(bu)			
Regular		64,157	40,888	15,972
Certificates		188,542	302,553	0
Total		252,699	343,441	15,972
Grain Sorghum	(bu)			
Regular		23,172	19,534	4,456
Certificates		90,130	37,674	0
Total		113,302	57,208	4,456
Rice, Rough	(cwt)			
Regular		5,389	8,940	5,630
Certificates		9,708	4,900	0
Total		15,097	13,840	5,630

(continued next page)

TABLE II (continued)

Item and Commodity	Units	FY 1991 Actual	FY 1992 Estimated	FY 1993 Estimated
Wheat	(bu)			
Regular		43,531	80,059	69,454
Certificates		<u>38,695</u>	<u>0</u>	<u>0</u>
Total		82,226	80,059	69,454
Soybeans	(bu)			
Regular		42	81	0
Certificates		<u>5</u>	<u>0</u>	<u>0</u>
Total		47	81	0
Minor Oilseeds	(cwt)*			
Regular		0	0	0
Certificates		0	0	0
Total		0	0	0
Other Grains	(bu)**			
Regular		6,599	8,107	0
Certificates		<u>373</u>	<u>0</u>	<u>0</u>
Total		6,972	8,107	0
Honey	(lb)			
Regular		11,560	8,500	2,000
Certificates		<u>0</u>	<u>0</u>	<u>0</u>
Total		11,560	8,500	2,000
ELS Cotton	(bales)	0	0	0
4. ENDING INVENTORIES				
Upland Cotton	(bales)	1	0	0
Corn	(bu)	365,080	25,000	25,000
Grain Sorghum	(bu)	62,391	5,183	5,000
Rice, Rough	(cwt)	126	0	0
Wheat	(bu)	163,121	147,000	147,000
Soybeans	(bu)	81	0	0
Minor Oilseeds	(cwt)*	0	0	0
Other Grains	(bu)**	8,081	0	0
Honey	(lb)	8,928	2,633	2,858
ELs Cotton	(bales)	0	0	0

*Includes sunflower seed, canola, flaxseed, rapeseed, mustard seed and safflower seed.

** Includes barley, oats, and rye.

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever feasible and cost-beneficial. ASCS has implemented a national network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditional hand prepared forms and documents.

Most farm and producer data are currently maintained on the county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers. This platform is reaching the end of its system life. The Agency is in the process of identifying technologies that can be used to extend the system life of this platform until updated technology can be acquired and implemented.

ASCS is in the process of identifying agency needs and technologies required to meet the needs into the early 2000's. This effort has been entitled System Technology and Telecommunications Enhancement Program (STEP). Proposed ADP equipment acquisitions will occur after FY 1993. However, contractor support will be used during FY 1993. Continued expansion and use of personal computers and related productivity tools are planned for FY 1993. Contractor assistance is being utilized for developing, implementing, and operating the processed commodities inventory system, tobacco automation and conversion and improvements of old mainframe systems.

In carrying out the overall long-range plan described above, CCC capital investments totaling \$30,562,000 in fiscal year 1993 will be required, as detailed below. Equipment will be purchased under the statutory authority of the Commodity Credit Corporation Charter Act to support the ASCS Information Resources Management Plan.

CCC funding for mission essential capacity enhancements for SCOAP equipment is estimated at \$13,054,000. The purchase of personal computers and related productivity tools is estimated at \$4,220,000. Continued efforts for implementing agency standards, creating a data repository and executive level decision support systems are estimated at \$7,000,000. The remaining \$6,288,000 is for the purchase of equipment including software and peripherals needed by ASCS in support of IRM objectives.

CONGRESSIONAL DIRECTIVE

In accordance with a Congressional directive requesting that the Explanatory Notes reflect a division between administrative costs for regular conservation programs and all other ASCS activities, the estimated fiscal year 1993 administrative cost for conservation, excluding the Conservation Reserve and Wetland Reserve Programs, is \$35,509,000.

For fiscal year 1993 this estimate reflects costs for administering carryover activities as well as new funds for Agricultural Conservation Program activities including water quality initiatives, the Water Bank Program, the Forestry Incentives Programs, and the Colorado River Basin Salinity Control Program.

Agricultural Stabilization and Conservation Service
Salaries and Expenses
Geographic Breakdown of Obligations and Staff - Years
Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993

State	1991 Actual	1992 Estimate	1993 Estimate
Alabama	\$13,264,958	\$13,913,535	\$13,734,870
Alaska	777,055	815,048	804,582
Arizona	2,620,333	2,748,451	2,713,158
Arkansas	13,447,974	14,105,499	13,924,369
California	8,204,236	8,605,374	8,494,872
Colorado	8,341,622	8,749,477	8,637,124
Connecticut	1,334,457	1,399,704	1,381,730
Delaware	1,021,666	1,071,619	1,057,858
District of Columbia	66,930,000	81,019,000	83,330,000
Florida	7,440,565	7,804,364	7,704,147
Georgia	21,182,213	22,217,896	21,932,594
Hawaii	552,329	579,335	571,895
Idaho	7,827,067	8,209,764	8,104,341
Illinois	30,882,147	32,392,098	31,976,149
Indiana	19,697,904	20,661,013	20,395,704
Iowa	36,001,495	37,761,752	37,276,850
Kansas	27,773,405	29,131,358	28,757,280
Kentucky	18,939,270	19,865,286	19,610,194
Louisiana	10,314,337	10,818,646	10,679,723
Maine	2,762,727	2,897,808	2,860,597
Maryland	4,888,739	5,127,769	5,061,923
Massachusetts	1,363,236	1,429,890	1,411,529
Michigan	15,512,258	16,270,715	16,061,781
Minnesota	22,576,072	23,679,906	23,375,831
Mississippi	15,628,396	16,392,531	16,182,033
Missouri	24,125,134	25,304,708	24,979,768
Montana	10,931,992	11,466,500	11,319,258
Nebraska	29,455,551	30,895,750	30,499,015
Nevada	1,185,038	1,242,979	1,227,018
New Hampshire	1,256,041	1,317,454	1,300,537
New Jersey	1,504,547	1,578,111	1,557,846
New Mexico	4,073,836	4,273,023	4,218,152
New York	8,879,507	9,313,662	9,194,064
North Carolina	21,570,403	22,625,066	22,334,536
North Dakota	19,345,783	20,291,675	20,031,108
Ohio	18,949,655	19,876,180	19,620,948
Oklahoma	14,376,399	15,079,318	14,885,683
Oregon	5,540,363	5,811,253	5,736,631
Pennsylvania	10,911,643	11,445,156	11,298,188
Puerto Rico - Virgin Islands	919,633	964,598	952,211
Rhode Island	436,663	458,013	452,131
South Carolina	9,537,426	10,003,749	9,875,290
South Dakota	17,011,677	17,843,445	17,614,316
Tennessee	17,866,803	18,740,382	18,499,735
Texas	48,914,214	51,305,825	50,647,003
Utah	3,402,352	3,568,706	3,522,880
Vermont	1,771,383	1,857,993	1,834,134
Virginia	12,964,953	13,598,862	13,424,238
Washington	6,462,622	6,778,605	6,691,561
West Virginia	5,838,460	6,123,925	6,045,287
Wisconsin	17,143,687	17,981,910	17,751,003
Wyoming	2,894,776	3,036,313	2,997,323
Total Direct Obligations/Estimates	\$676,555,000	\$720,451,000	\$714,551,000
Undistributed Reimbursements	58,770,000	66,086,000	92,452,000
Total, Available Estimate	\$735,325,000	\$786,537,000	\$807,003,000

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Dairy Indemnity Program (Including Transfers of Funds)

[For necessary expenses involved in making indemnity payments to dairy farmers for milk or cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and in making indemnity payments for milk, or cows producing such milk, at a fair market value to any dairy farmer who is directed to remove his milk from commercial markets because of (1) the presence of products of nuclear radiation or fallout if such contamination is not due to the fault of the farmer, or (2) residues of chemicals or toxic substances not included under the first sentence of the Act of August 13, 1968, as amended (7 U.S.C. 450j), if such chemicals or toxic substances were not used in a manner contrary to applicable regulations or labeling instructions provided at the time of use and the contamination is not due to the fault of the farmer, \$5,000: Provided, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government: Provided further, That this amount shall be transferred to the Commodity Credit Corporation: Provided further, That the Secretary is authorized to utilize the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of making dairy indemnity disbursements.]

The change deletes the appropriation language for the Dairy Indemnity Program since no funds are proposed for fiscal year 1993.

DAIRY INDEMNITY PROGRAM

Appropriations Act, 1992	\$5,000
Budget Estimate, 1993	--
Decrease in Appropriation	<u>-5,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Indemnity payments to dairy farmers	\$5,000	-\$5,000	--
Indemnity payments to manufacturers of dairy products.....	--	--	--
Total Available	<u>5,000</u>	<u>-5,000</u>	<u>--</u>

PROJECT STATEMENT

(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
Indemnity payments to dairy farmers and manufacturers	\$90,702	\$100,000	--	\$100,000
Recovery of prior year obligations	-282,553	--	--	--
Unobligated balance brought forward from prior years	-751,090	-947,940	+\$95,000	-852,940
Unobligated balance carried forward to next year	<u>947,940</u>	<u>852,940</u>	<u>-100,000</u>	<u>752,940</u>
Total, appropriation or estimate	5,000	5,000	-5,000	--

EXPLANATION OF PROGRAM

The purpose of the Dairy Indemnity Program is to indemnify (1) dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses on milk or milk products removed from commercial markets because of certain chemical residues; and (b) dairy farmers for milk or cows when milk or dairy products are removed from commercial markets because of nuclear radiation, fallout, or other toxic substances.

Section 331 of the Economic Opportunity Act of 1964 authorized the Secretary to make indemnity payments, at fair market value, to farmers who have been directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved by the Federal Government at the time of use. Original authority granted under this section terminated January 31, 1965, but the termination date has been extended 11 times. Major legislation extending and modifying the program is summarized as follows:

- The Agricultural Act of 1970, Public Law 91-524, authorized indemnity payments to manufacturers of dairy products whose products have been removed from the market because they contained residues of chemicals registered and approved by the Federal Government.

- The Agricultural and Consumer Protection Act of 1973, Public Law 93-86, extended the authority for dairy indemnity payments to June 30, 1977. The Act also authorized indemnity payments for dairy cows producing milk contaminated with pesticide residues.
- The Food and Agriculture Act of 1977, which extended the Dairy Indemnity Program to September 30, 1981, also authorized indemnity payments for milk, or cows producing milk, that must be removed from commercial markets as a result of chemical residues not previously included, nuclear radiation, or fallout.
- Use of Commodity Credit Corporation services and facilities was authorized under Public Law 99-349, the fiscal year 1986 Urgent Supplemental Appropriations Act, and under the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1988. This authority has been continued under subsequent appropriation acts.
- Dairy Indemnity Program funds were made available until expended under Section 608, General Provisions, of Public Law 99-190, the Continuing Resolution for fiscal year 1986, and has been continued in subsequent appropriation acts.
- The Food, Agriculture, Conservation, and Trade Act of 1990, Public Law 101-624, extended authority for the Dairy Indemnity Program through September 30, 1995.

During fiscal year 1992, an estimated \$100,000 will be obligated for payment of claims filed by dairy producers under the program. In fiscal year 1993 sufficient funds will be available to cover expected claims during a normal year of operation.

JUSTIFICATION OF DECREASE

A decrease of \$5,000 for indemnity payments to dairy farmers (\$5,000 available in fiscal year 1992).

Need for Change. It is estimated that unobligated balances carried forward into fiscal year 1993 will be sufficient to satisfy a normal level of claims.

Nature of Change. No new funding for indemnity payments to dairy farmers and manufacturers of dairy products is requested in fiscal year 1993 since sufficient carryover funds are expected to be available.

Dairy Indemnity Program Geographic Breakdown of Obligations Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993

State	1991 Actual	1992 Estimated	1993 Estimated
Alabama	\$8,893	\$9,943	--
Arkansas	2,911	--	--
Georgia	15,528	1,327	--
Illinois	3,642	20,758	--
Kansas	2,977	2,757	--
Minnesota	-845	--	--
Nebraska	4,055	3,021	--
New Mexico	12,520	--	--
Oklahoma	--	1,299	--
Tennessee	6,624	--	--
Texas	13,137	1,196	--
Wisconsin	--	7,981	--
Undistributed	21,260	51,718	\$100,000
Total, Available or Estimate	\$90,702	\$100,000	\$100,000

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Conservation Program (Including Transfers of Funds)

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, [\$194,435,000] \$125,000,000, to remain available until expended (16 U.S.C. 590o), for agreements, excluding administration but including technical assistance and related expenses (16 U.S.C. 590o), except that no participant in the Agricultural Conservation Program shall receive more than \$3,500 per year, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community, or where a participant has a long-term agreement, in which case the total payment shall not exceed the annual payment limitation multiplied by the number of years of the agreement: Provided, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetlands Types 3 (III) through 20 (XX) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved farming practices as authorized by the Soil Conservation and Domestic Allotment Act, as amended, as determined and recommended by the county committees, approved by the State committees and the Secretary, under programs provided for herein: Provided further, That such assistance will not be used for carrying out measures and practices that are primarily production-oriented or that have little or no conservation or pollution abatement benefits: Provided further, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: Provided further, That for the current year's program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities" approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18 U.S.C 1913 to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any

Member or through the proper official channels: Provided further, That not to exceed [\$6,750,000] \$10,000,000 of the amount appropriated shall be used for water quality payments and practices in the same manner as permitted under the program for water quality authorized in chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.).

AGRICULTURAL CONSERVATION PROGRAM

Appropriations Act, 1992	\$194,435,000
Budget Estimate, 1993	<u>125,000,000</u>
Decrease in Appropriation	<u>-69,435,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Cost-sharing and technical assistance to farmers	<u>\$194,435,000</u>	<u>-\$69,435,000</u>	<u>\$125,000,000</u>

PROJECT STATEMENT

(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
Cost-sharing and technical assistance to farmers	\$182,143,258	\$230,146,370	-\$105,146,370	\$125,000,000
Unobligated balance brought forward from prior years	-27,705,100	-35,711,370	+35,711,370	--
Unobligated balance carried forward to next year	<u>35,711,370</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, available or estimate	190,149,528	194,435,000	-69,435,000	125,000,000
Gramm-Rudman-Hollings reduction	<u>2,472</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total appropriation ..	190,152,000	194,435,000	-69,435,000	125,000,000

EXPLANATION OF PROGRAM

The Agricultural Conservation Program (ACP) is authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act of 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510).

The purpose of the Agricultural Conservation Program (ACP) is to provide financial assistance to agricultural producers to help solve a wide range of agricultural conservation and environmental problems that, if not addressed, would reduce the productive capacity of the nation's land and water resources or cause degradation of environmental quality. Program activities include prevention of soil loss, conservation of scarce water supplies, improvement of water quality, conservation of forest and wildlife resources, and pollution abatement. Technical assistance is provided by the Soil Conservation Service (SCS) and Forest Service (FS).

In contrast to the Conservation Reserve Program, which removes highly erodible and other environmentally sensitive cropland from production, the ACP makes available a wide variety of practices to address the soil and water conservation needs and other environmental concerns of land that remains in production, including water quality concerns. In addition, assistance is offered to establish or improve permanent vegetative cover, including tree planting, and to install animal waste handling systems.

The ACP is administered by ASCS through the farmer-elected county committee system. The program is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality in America; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969, the 1988 National Program for Soil and Water Conservation, and related Resources Conservation Act appraisal updates.

1992 Program

1. Program Direction. The 1992 ACP will be directed toward specific enduring practices to solve the most critical conservation problems and to meet water quality goals. Treatment of farmland, rangeland, and pastureland eroding at greater than the soil loss tolerance (T) will be of primary concern.
 - Annual Agreements. \$140.741 million will be earmarked for cost-sharing of annual agreements and will be allocated to the States for this purpose.
 - Long-Term Agreements. \$20 million will be allocated to the States specifically for this purpose. States also have the option of using annual agreement funds for long-term agreements.
 - Variable Cost-Share Level Project. Under this program, cost-share levels are established for erosion control practices on the basis of the severity of the erosion problem and the amount of soil saved. In fiscal year 1991 a total of 398 counties participated in this voluntary project. Results indicate that there are improvements in the cost effectiveness of practices applied under the program. Based on these results, \$2 million will be allocated to continue the program in fiscal year 1992.
 - Water Quality Projects. A total of \$29.750 million will be available to fund priority water quality activities including \$1.8 million for the 1990 and 1991 USDA demonstration projects, \$12.1 million for USDA nonpoint source hydrologic units (\$5 million for ongoing 1990 projects and \$7.1 million for 1991 projects), and \$9.1 million will be available for cost-sharing for ACP practices in State water quality special projects that will produce water quality benefits. Finally, \$6.750 million will be available to begin a program of water quality incentive payments and practices comparable to the program for water quality in the 1990 FACT Act in accordance with appropriation language for this account.
 - Method of Allocation. In accordance with administrative policy, the proportionate share of funds allocated to any State for annual agreements will not be reduced more than one percent from the fiscal year 1991 distribution. Distribution to the States will be made according to their conservation needs, as determined by the Secretary.
 - Technical Assistance. \$1.944 million is available to the Forest Service for technical assistance relating to forestry practices.
2. Program Development. State and county programs are developed through a process whereby county committees submit recommendations through the State committee to the Secretary. Practices available to a county committee include all those previously approved by the Secretary plus any other practice that a county committee considers necessary to solve a local conservation problem and that is approved by the State committee and the Secretary or his designee.
3. Practices. The 1992 ACP will encourage cost effective practices such as vegetative cover, terraces, and sod waterways, which result in significant conservation of soil and water, improved water quality, or other improvements in the environment.

Practices that are not enduring or do not provide enduring benefits will not be a part of the program. Other practices excluded from the national program include practices that are primarily production oriented.

JUSTIFICATION OF DECREASE

A decrease of \$69,435,000 for cost-share assistance to agricultural producers (\$194,435,000 available in fiscal year 1992).

Need for Change. The fiscal year 1993 ACP will emphasize soil conservation on farmland, rangeland, and pastureland. The requested funding level of \$125 million, reflecting general budgetary constraints, will address only priority traditional soil and water conservation measures.

At the requested level of \$125 million, conservation practices on a total of 5.9 million acres would prevent approximately 18.5 million tons of soil erosion and save 365,000 acre-feet of water. In addition, other conservation needs such as water quality incentive practices, forest and rangeland improvement, and wildlife habitat preservation will be addressed.

Nature of Change. The requested level of \$125 million would fund the following:

- Annual Agreements. Approximately \$113.750 million will be allocated to States for annual practices with lasting conservation benefits, a decrease of \$27 million from the 1992 level.
- Long-Term Agreements. There will be no specific allocation for long-term cost-share agreements, a decrease of \$20 million.
- Water Quality Incentive Practices. \$10 million is proposed for incentive practices to continue the program begun in 1992 that is comparable to the water quality program authorized under Section 1439 of the Food, Agriculture, Conservation, and Trade Act of 1990. Farmers will receive incentive payments over a 3- to 5-year period for implementing a water quality protection plan approved by the Secretary. Ongoing demonstration and nonpoint source hydrologic unit project areas will be considered for funding allocations under WQIP. Other allocations to these areas will be discontinued.
- Technical Assistance. Approximately \$1.250 million will be available for technical assistance provided by Forest Service for forestry practices.

The following tables show (a) outlays for fiscal year 1991 and (b) geographic breakdown of obligations for fiscal years 1991-1993.

Agricultural Conservation Program
Fiscal Year 1991 Outlays by State

State	Outlays
Alabama	\$5,507,016
Alaska	134,070
Arizona	1,620,020
Arkansas	5,346,180
California	5,129,450
Colorado	4,320,926
Connecticut	519,001
Delaware	368,744
Florida	3,703,173
Georgia	5,764,189
Guam	5,132
Hawaii	575,735
Idaho	3,649,473
Illinois	7,083,512
Indiana	5,006,562
Iowa	6,288,042
Kansas	5,411,875
Kentucky	4,887,469
Louisiana	3,414,607
Maine	3,308,770
Maryland	1,151,343
Massachusetts	637,426
Michigan	5,206,906
Minnesota	5,727,858
Mississippi	5,504,837
Missouri	8,170,664
Montana	4,465,639
Nebraska	4,828,412
Nevada	726,224
New Hampshire	768,509
New Jersey	739,953
New Mexico	2,387,341
New York	5,251,223
North Carolina	4,729,491
North Dakota	3,567,091
N. Mariana Islands	715
Ohio	4,606,142
Oklahoma	4,159,437
Oregon	4,070,813
Pennsylvania	4,665,060
Puerto Rico	761,632
Rhode Island	161,855
South Carolina	2,677,906
South Dakota	2,674,858
Tennessee	4,807,564
Texas	16,440,364
Utah	2,168,798
Vermont	2,096,683
Virginia	3,930,051
Virgin Islands	19,670
Washington	4,424,740
West Virginia	2,227,834
Wisconsin	5,550,395
Wyoming	1,675,505
Undistributed	69,507
ASCS, Subtotal	193,096,392
FS Technical Assistance	3,783,293
TOTAL	\$196,879,685

Agricultural Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993

State	1991 Actual	1992 Estimated	1993 Estimated
Alabama	\$5,193,592	\$5,216,581	\$3,264,391
Alaska	202,386	286,479	166,953
Arizona	1,213,530	3,817,475	1,238,412
Arkansas	5,079,299	4,423,547	2,884,696
California	5,841,913	6,207,363	3,231,282
Colorado	4,257,932	4,306,943	2,601,510
Connecticut	586,227	482,811	232,466
Delaware	407,530	417,858	122,573
Florida	3,795,842	4,283,118	2,453,576
Georgia	5,602,412	5,280,494	3,365,126
Guam	-26,245	70,837	0
Hawaii	484,278	1,323,866	354,335
Idaho	3,203,703	5,661,959	2,181,661
Illinois	6,598,329	3,858,588	4,057,594
Indiana	4,040,314	3,765,483	2,212,657
Iowa	6,255,046	5,824,171	3,984,332
Kansas	4,537,910	6,370,602	3,418,664
Kentucky	4,449,146	4,269,139	2,845,247
Louisiana	3,491,782	4,099,797	2,254,219
Maine	2,577,379	2,305,398	1,543,436
Maryland	1,019,633	1,088,281	529,037
Massachusetts	581,300	545,345	321,931
Michigan	4,560,904	5,128,895	3,030,516
Minnesota	5,821,391	7,711,690	4,153,398
Mississippi	5,092,486	4,598,059	3,276,366
Missouri	6,551,765	7,712,233	4,739,495
Montana	4,032,122	4,511,908	2,938,233
Nebraska	5,196,379	4,588,610	2,805,798
Nevada	730,444	751,255	508,608
New Hampshire	770,498	678,854	378,286
New Jersey	505,094	615,175	360,675
New Mexico	2,166,991	2,670,832	1,414,522
New York	5,092,682	4,717,602	2,878,356
North Carolina	4,652,133	4,148,945	2,684,634
North Dakota	3,248,413	3,836,103	2,248,583
N. Mariana Isl.	-3,064	113,628	0
Ohio	4,473,095	4,284,507	2,586,012
Oklahoma	3,600,403	4,340,987	2,487,390
Oregon	3,820,705	4,267,601	2,323,959
Pennsylvania	4,315,134	4,558,676	2,767,758
Puerto Rico	586,374	563,807	322,635
Rhode Island	205,476	244,278	41,562
South Carolina	2,490,082	2,545,532	1,505,396
South Dakota	2,850,385	2,992,054	1,800,557
Tennessee	4,152,404	3,981,231	2,221,815
Texas	15,254,688	20,050,921	10,612,440
Utah	2,039,415	1,755,688	1,199,667
Vermont	2,096,128	1,007,257	703,035
Virginia	3,326,351	3,108,941	2,028,797
Virgin Islands	18,262	62,333	14,089
Washington	3,547,395	5,683,562	2,897,376
West Virginia	2,274,858	1,815,822	1,249,683
Wisconsin	5,659,250	6,848,159	3,189,720
Wyoming	1,652,343	1,729,767	1,116,543
Undistributed	67,034	32,671,323 1/	10,000,000 2/
ASCS Subtotal (Includes SCS Tech. Assistance)	180,241,258	228,202,370	123,750,000
Technical Assistance to FS	1,902,000	1,944,000	1,250,000
Total, Available or Estimate	\$182,143,258	\$230,146,370	\$125,000,000

1/ Includes allocations to be issued for water quality projects, variable cost-share, water quality incentive practices, and the national reserve.

2/ Represents allocations to be issued for water quality incentive practices.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows:

Colorado River Basin Salinity Control Program

For necessary expenses for carrying out a voluntary cooperative salinity control program pursuant to section 202(c) of title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)), to be used to reduce salinity in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico, \$14,783,000, to be used for investigations and surveys, for technical assistance in developing conservation practices and in the preparation of salinity control plans, for the establishment of on-farm irrigation management systems, including related lateral improvement measures, for making cost-share payments to agricultural landowners and operators, Indian tribes, irrigation districts and associations, local governmental and nongovernmental entities, and other landowners to aid them in carrying out approved conservation practices as determined and recommended by the county ASC committees, approved by the State ASC committees and the Secretary, and for associated costs of program planning, information and education, and program monitoring and evaluation: Provided, That the Soil Conservation Service shall provide technical assistance and the Agricultural Stabilization and Conservation Service shall provide administrative services for the program, including but not limited to, the negotiation and administration of agreements and the disbursement of payments: Provided further, That such program shall be coordinated with the regular Agricultural Conservation Program and with research programs of other agencies.

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

Appropriations Act 1992.....	\$14,783,000
Budget Estimate 1993.....	<u>14,783,000</u>
Change in Appropriation.....	<u>--</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Cost-sharing and technical assistance to landowners and others.....	<u>\$14,783,000</u>	<u>--</u>	<u>\$14,783,000</u>

PROJECT STATEMENT
(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
Cost-sharing and technical assistance to landowners and others.....	\$13,196,745	\$17,366,164	-\$2,583,164	\$14,783,000
Unobligated balance brought forward from prior years.....	-997,101	-2,583,164	+2,583,164	--
Unobligated balance carried forward to next year.....	<u>2,583,164</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, available or estimate.....	14,782,808	14,783,000	--	14,783,000
Gramm-Rudman-Hollings reduction.....	<u>192</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total appropriation.....	14,783,000	14,783,000	14,783,000	14,783,000

EXPLANATION OF PROGRAM

The Colorado River Basin Salinity Control Program (CRSC) is authorized by section 202(c) of Title II of the Colorado River Basin Salinity Control Act of 1974 (43 U.S.C. 1592c), as amended, and is in compliance with Section 310, International Pollution Abatement, of the Federal Water Pollution Control Act Amendments of 1972, P.L. 92-500, 86 Stat. 816. Salinity problems in the Colorado River Basin are a critical concern to the seven Basin States -- Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming -- and to the Republic of Mexico. The purpose of the CRSC is to reduce the salt content of the upper Colorado River Basin while supporting the Nation's commitment to the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and Mexico.

Colorado River waters are apportioned by the Upper Basin States (Colorado, New Mexico, Utah, and Wyoming) and Lower Basin States (Arizona, California, and Nevada) in accordance with the provisions of Colorado River Compact of 1922. The Compact defines the minimum quantity of Colorado River waters to be delivered annually to Mexico and provides the format for the division of the Colorado River waters by the Upper and Lower Basin States to meet the terms of the Compact.

The objectives of the program are to provide financial and technical assistance to:

- Identify salt source areas in the Colorado River Basin (SCS).
- Develop project plans for conservation practices to reduce salt loads in the Colorado River (SCS).
- Install conservation practices through cost-sharing assistance (ASCS).
- Carry out research, education, and demonstration activities (ES, ARS, and CSRS).
- Carry out monitoring and evaluation activities (SCS).

The U.S. Department of the Interior (USDI) has estimated that irrigated agriculture contributes about 37 percent of the total salt load to the Colorado River above the Imperial Dam. Generally, on-farm irrigation and water distribution systems, especially in the Upper Basin, are not efficient and have a high level of surface runoff, excessive deep percolation, and high amounts of seepage from irrigation canals and laterals. Salt loading occurs as seepage and deep percolation leach salts from the soil and underlying geologic formations into the river. Salt concentrations are caused by evaporation, evapo-transpiration of irrigated crops, and export of water for other uses leaving salt in the soil and remaining water.

The Colorado River serves as the primary source of water for parts of the seven Basin States and is used and reused for crop irrigation, hydro-electric power generation, and municipal and industrial purposes. Increases in the salinity of the water cause considerable economic losses. Salinity build-up in the soil root zones reduces or eliminates economic returns from growing agricultural products. Excessive salinity in groundwater, lakes, streams, and rivers reduces or precludes the use of this water by man or wildlife.

The CRSC Program applies to lands that are in an identified salt source area and are owned or controlled by private individuals, Indian tribes, irrigation districts or companies, or State or local governments. Landowners or operators are eligible to participate in the CRSC Program if all of the following apply:

- Their lands or activities contribute to the project area's salt loading of the Colorado River.
- Their lands or activities in a project area are designated as critical areas or salt sources;
- The conservation district approves the salinity control plan covering the critical areas and salt sources; and
- The participant meets any minimum acreage requirements established by the county ASC committee.

County ASC committees may enter into CRSC contracts with individuals or entities on eligible land. Under these contracts, ASCS agrees to share with the participant the cost of establishing necessary salinity reduction practices. In return, a participant must agree to carry out a cost-effective salinity control plan developed for the participant's land. The salinity control plan (Project Implementation Plan) includes the salinity reduction practice or practices that must be installed as well as a schedule of completion dates.

Cost-share levels up to 70 percent of the total cost are authorized for the CRSC Program. Levels exceeding the on-farm and offsite benefits must be approved by agency headquarters with USDA Salinity Control Coordinating Committee concurrence. The combined cost-shares by Federal, State, and others shall not exceed 100 percent of the cost of carrying out a salinity reduction practice. Cost-share assistance levels vary among projects.

Reimbursement of 30 percent of ASCS cost-share funds is billed by USDI and paid by the States to Treasury. The Upper Basin States and Lower Basin States contribute 15 percent and 85 percent, respectively, of the 30-percent share repaid.

Salinity reduction practices (SRP's) for which cost-sharing may be authorized are:

- SRP 1 ON-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing deep percolation of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.
- SRP 2 OFF-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing seepage of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.
- SRP 3 PERMANENT WILDLIFE HABITAT: To protect, restore, or develop permanent wildlife habitat cover or food, to replenish wildlife.
- SRP 4 SHALLOW WATER AREAS FOR WILDLIFE: To develop or restore shallow water areas to replace the associated wildlife resources.
- SRP SPECIAL SALINITY REDUCTION PRACTICES: Projects may develop permanent salinity reduction and fish and wildlife practices needed to solve a significant, unique local problem that has been designated high priority in the Project Implementation Plan and for which national program practices are not adequate.

The fiscal year 1992 appropriation of \$14.783 million will be distributed as follows: \$8.840 million to ASCS for cost-sharing; \$5.313 million to Soil Conservation Service for technical assistance, monitoring and evaluation and planning studies; and \$630 thousand to Extension Service for information and education.

The following tables show (a) outlays for fiscal year 1991 and (b) geographic breakdown of obligations for fiscal years 1991-1993.

**Colorado River Basin Salinity Control Program
Fiscal Year 1991 Outlays by State**

State	Outlays
Colorado	\$1,663,655
Utah	1,782,106
Wyoming	638,729
SCS & ES Technical Assistance	5,755,000
Total	\$9,839,490

**Colorado River Basin Salinity Control Program
Geographic Breakdown of Obligations
Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993**

State	1991 Actual	1992 Estimated	1993 Estimated
Colorado	\$4,084,970	\$5,888,519	\$4,149,000
Utah	2,386,078	4,142,443	2,843,000
Wyoming	812,696	1,392,202	775,000
Nevada	0	0	825,000
SCS Technical Assistance Cost	5,313,000	5,313,000	5,606,000
ES Information-Education Costs	600,000	630,000	585,000
Total, Available or Estimate	\$13,196,744	\$17,366,164	\$14,783,000

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Water Bank Program

For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), [~~\$18,620,000~~] \$11,395,000, to remain available until expended: Provided, That in addition to 10 year contracts, the Secretary of Agriculture may enter into agreements with landowners to acquire conservation easements to carry out the purposes of 16 U.S.C. 1301-1311. Such easements shall contain terms and conditions to ensure that easement areas are devoted to approved conservation practices, as determined by the Secretary. The Secretary may make payment to the owner of the land who grants an easement in such amount and in such manner as the Secretary determines to be fair and reasonable. In carrying out such easements, the Secretary may utilize the facilities of the Commodity Credit Corporation.

The change in appropriation language would provide for the Secretary of Agriculture to enter into agreements with landowners to acquire conservation easements in addition to 10-year contracts to carry out the purposes of the Water Bank Act in those areas where the program is offered.

WATER BANK PROGRAM

Appropriations Act, 1992.....	\$18,620,000
Budget Estimate, 1993.....	<u>11,395,000</u>
Decrease in Appropriation.....	<u>-7,225,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Annual payments to landowners and operators.....	<u>\$18,620,000</u>	<u>-\$7,225,000</u>	<u>\$11,395,800</u>

PROJECT STATEMENT

(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
Annual payments to land- owners and operators....	\$12,660,737	\$21,113,713	-\$9,718,713	\$11,395,000
Unobligated balance brought forward from prior years.....	-1,534,627	-2,493,713	+2,493,713	--
Unobligated balance carried forward to next year.....	<u>2,493,713</u>	--	--	--
Total, available or estimate.....	13,619,823	18,620,000	-7,225,000	11,395,000
Gramm-Rudman-Hollings reduction.....	<u>177</u>	--	--	--
Total appropriation.....	13,620,000	18,620,000	-7,225,000	11,395,000

EXPLANATION OF PROGRAM

The appropriation "Water Bank Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Water Bank Act, Public Law 91-559, approved December 19, 1970, as amended by Public Law 96-182, approved January 2, 1980.

Its purpose is to conserve water, preserve, maintain, and improve migratory waterfowl habitat and other wildlife resources, and secure other environmental benefits through long-term land use agreements with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas that have been specifically designated by the Secretary.

The Secretary enters into agreements with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The Secretary makes annual payments to the owner or operator at a rate determined at the time of agreement and subject to review after 4 years and at the time of renewal.

The Secretary carries out the program in coordination with wetlands programs administered by the Secretary of the Interior and utilizes the technical and related services of appropriate State, Federal, and private conservation agencies to ensure coordination.

The 1992 program level of \$18,620,000 is expected to bring 112,519 acres under 10-year agreements. This will be accomplished through the signing of approximately 1,021 agreements with landowners.

JUSTIFICATION OF DECREASE

A decrease of \$7,225,000 for Water Bank 10-year agreements with landowners and operators (\$18,620,000 available in fiscal year 1992).

Need for Change: The Water Bank Program currently provides annual payments to landowners who enter into 10-year contracts in which they agree to preserve eligible wetlands and adjacent lands. Appropriation language is being proposed for fiscal year 1993 to provide program participants the option of receiving a one-time payment in exchange for an easement on wetlands or adjacent lands or continuing to enter into 10-year agreements as they do under existing law. A dual program would enable the Department to assess the costs of and producer interest in easements while ensuring that the Nation's wetlands continue to be preserved.

It is likely that there will be significant enrollment in the Wetlands Reserve Program (WRP) in the Northern Great Plains and Delta States. The Water Bank Program will continue to be offered in all areas where it currently operates, but a declining need for WBP funds to provide habitat for migratory waterfowl in the areas of WRP enrollment is anticipated.

Nature of Change: The \$11.395 million requested for fiscal year 1993 represents budgetary assumptions regarding possible levels of participation in the two options. Many producers will be unwilling to sell easements; it is desirable, therefore, to have the alternative of 10-year agreements to secure shorter term protection for high quality wetlands. The amount of Water Bank Program funds actually directed to 10-year agreements in fiscal year 1993 will be determined by producer participation under the dual program, since participants can choose either option within the requested program level. The 1993 budget request assumes that one-third of the acreage enrolled in the program will be through easements and that the transition to easements will be completed by 1995. The proposal is expected to bring about 51,100 acres under 10-year agreements or easements in fiscal year 1993.

The following tables show (a) outlays by State for fiscal year 1991 and (b) geographic breakdown of obligations for fiscal years 1991-1993.

Water Bank Program
Fiscal Year 1991 Outlays By State

State	Outlays
Arkansas	\$422,368
California	599,709
Louisiana	644,252
Michigan	5,087
Minnesota	1,854,926
Mississippi	732,615
Montana	203,550
Nebraska	151,784
North Dakota	3,005,718
South Dakota	1,322,609
Wisconsin	532,585
Undistributed	3,929
Total	\$9,479,132

Water Bank Program
Geographic Breakdown of Obligations
Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993

State	1991 Actual	1992 Estimated	1993 Estimated
Arkansas	\$913,310	\$1,408,548	--
California	673,713	1,198,386	--
Louisiana	1,049,461	1,650,906	--
Maine	0	0	--
Michigan	0	43,041	--
Minnesota	2,335,371	3,297,344	--
Mississippi	1,188,856	1,726,956	--
Montana	269,202	686,834	--
Nebraska	244,229	839,594	--
North Dakota	2,755,930	4,533,150	--
Ohio	0	500,000	--
South Dakota	2,529,240	2,866,958	--
Wisconsin	691,425	1,309,275	--
Undistributed	10,000	1,052,721	11,395,000
Total, Available or Estimate a/	\$12,660,737	\$21,113,713	\$11,395,000

a/ Includes SCS technical assistance.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (deleted matter enclosed in brackets):

Emergency Conservation Program

[For necessary expenses to carry into effect the program authorized in sections 401, 402, and 404 of title IV of the Agricultural Credit Act for 1978 (16 U.S.C. 2201-2205), \$6,000,000, to remain available until expended, as authorized by 16 U.S.C. 2204.]

The change deletes the appropriation language for the Emergency Conservation Program since no funds are requested for fiscal year 1993.

EMERGENCY CONSERVATION PROGRAM

Appropriations Act, 1992	\$6,000,000
Budget Estimate, 1993	--
Decrease in Appropriation	<u>-6,000,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Emergency cost-sharing and technical assistance to farmers	<u>\$6,000,000</u>	<u>-\$6,000,000</u>	<u>--</u>

PROJECT STATEMENT

(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
Emergency cost-sharing and technical assistance to farmers	\$9,362,340	\$24,612,250	-\$24,612,250	--
Unobligated balance brought forward from prior years	-17,974,720	-18,612,250	+18,612,250	--
Unobligated balance carried forward to next year	<u>18,612,250</u>	--	--	--
Total, available or estimate	9,999,870	6,000,000	-6,000,000	--
Gramm-Rudman-Hollings reduction	<u>130</u>	--	--	--
Total appropriation	10,000,000	6,000,000	-6,000,000	--

EXPLANATION OF PROGRAM

The appropriation "Emergency Conservation Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Agricultural Credit Act of 1978 (P.L. 95-334). Under the program the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters.

Assistance is available when, as a result of wind, floods, hurricanes or other natural disasters, new conservation problems are created which (1) if not treated, will impair or endanger the land, (2) materially affect productive capacity of the land, (3) represent damage that is unusual in character and, except for wind erosion, is not the type that would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use. Also, payments may be made to agricultural producers who carry out emergency water conservation or water enhancing measures during periods of severe drought as determined by the Deputy Administrator, State and County Operations, ASCS.

Cost-sharing may be offered for emergency conservation measures only to replace or restore a practice or to restore the land to a condition similar to that existing prior to the natural disaster, and may not be offered for the solution of conservation problems existing prior to the disaster involved.

Emergency conservation measures or practices for which cost-sharing may be authorized are:

- Practice EC1. Removing debris from farmland, including farmsteads and roadways.
- Practice EC2. Grading, shaping, releveling or similar measures to restore farmland.
- Practice EC3. Restoring permanent fences.
- Practice EC4. Restoring structures and other installations.
- Practice EC5. Emergency wind erosion control measures.
- Practice EC6. Drought emergency measures
- Practice EC7. Other emergency conservation measures.

Practices EC1 through EC5 are subject to approval by the ASCS county committee. Practices EC6 and EC7 additionally require prior approval by the Deputy Administrator, State and County Operations, ASCS.

JUSTIFICATION OF DECREASE

A decrease of \$6,000,000 for Emergency Conservation Program payments for cost-sharing and technical assistance to farmers (\$6,000,000 available in fiscal year 1992).

Need for Change. Future emergency needs cannot be predicted and will be addressed as necessary.

Nature of Change. The 1993 Budget proposes no funding for this program. Existing contracts for which funds were previously obligated will be honored.

The following tables show (a) outlays by State, fiscal year 1991 and (b) geographic breakdown of obligations for fiscal years 1991-93.

Emergency Conservation Program
Fiscal Year 1991 Outlays by State

State	Outlays
Alabama	\$2,400,618
Arizona	203,449
Arkansas	788,161
California	206,301
Caribbean Area	22,845
Colorado	0
Connecticut	19,271
Florida	26,607
Georgia	702,321
Hawaii	134,807
Idaho	33,052
Illinois	251,429
Indiana	448,338
Iowa	442,448
Kansas	0
Kentucky	0
Louisiana	15,719
Maine	0
Maryland	234
Massachusetts	0
Michigan	14,762
Minnesota	37,541
Mississippi	76,569
Missouri	457,099
Montana	119,105
Nebraska	602,416
New Mexico	23,158
New York	0
Nevada	5,554
North Carolina	297,627
North Dakota	16
Ohio	152,384
Oklahoma	314,263
Oregon	248,442
Pennsylvania	0
South Carolina	2,304,647
South Dakota	186,756
Texas	2,107,927
Utah	3,112
Vermont	47,288
Virginia	0
Virgin Islands	146,143
Washington	381,709
West Virginia	0
Wisconsin	18,691
Wyoming	0
Undistributed	4,660
Total	\$13,245,469

Emergency Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993

State	1991 Actual	1992 Estimated	1993 Estimated
Alabama	\$425,700	\$113,352	--
Arizona	203,449	269,040	--
Arkansas	913,707	637,508	--
California	136,302	376,463	--
Caribbean Area	-45,969	0	--
Colorado	0	25,000	--
Connecticut	30,235	7,765	--
Florida	-9,068	0	--
Georgia	1,044,593	793,985	--
Hawaii	134,969	130,722	--
Idaho	94,778	258,744	--
Illinois	281,546	232,244	--
Indiana	352,124	766,956	--
Iowa	642,187	1,176,298	--
Kansas	16,359	133,641	--
Kentucky	0	0	--
Louisiana	85,739	274,803	--
Maine	0	15,000	--
Maryland	-111	0	--
Massachusetts	7,500	3,751	--
Michigan	-20,560	0	--
Minnesota	-25,454	60,449	--
Mississippi	102,951	251,908	--
Missouri	511,482	916,306	--
Montana	307,284	1,038,692	--
Nebraska	1,071,362	555,227	--
Nevada	15,054	27,246	--
New Hampshire	0	0	--
New Mexico	83,964	394,560	--
New York	0	6,100	--
North Carolina	-144,252	718,432	--
North Dakota	16	0	--
Ohio	-29,616	267,695	--
Oklahoma	268,133	248,048	--
Oregon	572,885	194,603	--
Pennsylvania	0	90,334	--
Puerto Rico	0	0	--
South Carolina	-526,265	0	--
South Dakota	238,808	235,471	--
Tennessee	0	0	--
Texas	1,979,952	4,179,405	--
Utah	3,112	47,388	--
Vermont	38,148	33,000	--
Virginia	0	0	--
Virgin Islands	-117,379	0	--
Washington	668,747	341,245	--
West Virginia	0	0	--
Wisconsin	45,327	14,526	--
Wyoming	0	0	--
Undistributed	4,601	9,776,343	--
Total, Available or Estimate (includes SCS Technical Assistance)	\$9,362,340	\$24,612,250	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows:

Forestry Incentives Program

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), including technical assistance and related expenses, \$12,446,000, to remain available until expended, as authorized by that Act.

FORESTRY INCENTIVES PROGRAM

Appropriations Act, 1992	\$12,446,000
Budget Estimate, 1993	<u>12,446,000</u>
Change in Appropriation	<u>--</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Cost-sharing and technical assistance to farmers	<u>\$12,446,000</u>	<u>--</u>	<u>\$12,446,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
Cost-sharing and technical assistance to farmers	\$13,639,467	\$14,334,176	-\$1,888,176	\$12,446,000
Unobligated balance brought forward from prior years .	-3,081,805	-1,888,176	+1,888,176	--
Unobligated balance carried forward to next year	<u>1,888,176</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, available or estimate	12,445,838	12,446,000	--	12,446,000
Gramm-Rudman-Hollings reduction	<u>162</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total appropriation	<u>12,446,000</u>	<u>12,446,000</u>	<u>--</u>	<u>12,446,000</u>

EXPLANATION OF PROGRAM

The appropriation "Forestry Incentives Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Cooperative Forestry Assistance Act of 1978, as amended by section 1214 of the Food, Agriculture, Conservation, and Trade Act of 1990. Its purpose is to encourage the development, management, and protection of nonindustrial, private forest lands to increase the production of timber and enhance other forest resources. The program is carried out through annual and long-term cost-sharing agreements with private landowners who improve a stand of forest trees or plant trees.

Under the 1992 program, cost-sharing and technical assistance totaling \$12,446,000 will be provided to plant trees on approximately 151,100 acres and to improve timberstand on approximately 33,000 acres of forest. The 1993 request of \$12,446,000, the same as 1992, will provide cost-sharing for tree planting on 150,000 acres and timberstand improvement on 25,000 acres. This program level, which would result in an estimated 110 million trees planted or improved, would help accomplish the President's goal of planting or improving one billion trees per year.

The following tables show (a) outlays for fiscal year 1991 and (b) geographic breakdown of obligations for fiscal years 1991-93.

Forestry Incentives Program
Fiscal Year 1991 Outlays by State

State	Outlays
Alabama	\$977,155
Arizona	3,712
Arkansas	662,616
California	40,274
Colorado	6,050
Connecticut	10,605
Delaware	65,852
Florida	1,339,964
Georgia	1,381,902
Idaho	38,692
Illinois	46,103
Indiana	92,424
Iowa	34,842
Kansas	6,875
Kentucky	70,028
Louisiana	673,413
Maine	56,025
Maryland	175,610
Massachusetts	53,052
Michigan	94,424
Minnesota	39,261
Mississippi	950,780
Missouri	28,071
Montana	12,972
Nebraska	2,630
New Hampshire	43,370
New Jersey	396
New Mexico	2,731
New York	81,264
North Carolina	681,250
Ohio	149,855
Oklahoma	67,959
Oregon	620,804
Pennsylvania	76,755
Puerto Rico	11,224
Rhode Island	5,256
South Carolina	1,014,755
South Dakota	10,336
Tennessee	118,598
Texas	479,127
Vermont	22,536
Virginia	972,074
Washington	380,620
West Virginia	79,442
Wisconsin	182,644
Wyoming	67,893
Undistributed	-126,335
ASCS, Subtotal	\$11,805,886
FS Technical Assistance	2,416,236
TOTAL	\$14,222,122

Forestry Incentives Program
Geographic Breakdown of Obligations
Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993

State	1991 Actual	1992 Estimated	1993 Estimated
Alabama	\$879,731	\$959,528	\$912,000
Alaska	26,390	0	0
Arizona	8,240	6,017	4,000
Arkansas	731,731	729,764	717,000
California	68,715	298,707	72,000
Colorado	28,346	27,957	11,000
Connecticut	9,799	17,298	3,000
Delaware	59,836	127,245	86,000
Florida	1,159,419	1,130,486	1,112,000
Georgia	1,374,266	1,391,835	1,378,000
Idaho	77,384	40,074	35,000
Illinois	55,580	84,181	28,000
Indiana	82,781	97,261	79,000
Iowa	53,241	46,132	42,000
Kansas	5,048	16,082	3,000
Kentucky	91,409	84,240	74,000
Louisiana	656,042	653,338	647,000
Maine	33,511	64,825	44,000
Maryland	118,174	126,056	125,000
Massachusetts	51,918	48,444	49,000
Michigan	90,834	87,318	85,000
Minnesota	60,566	202,734	61,000
Mississippi	868,725	917,438	909,000
Missouri	26,595	127,540	41,000
Montana	11,810	10,812	6,000
Nebraska	3,280	35,294	0
New Hampshire	49,919	40,765	38,000
New Jersey	341	23,907	0
New Mexico	1,447	27,297	0
New York	70,389	93,271	65,000
North Carolina	536,518	795,735	627,000
Ohio	161,699	175,382	141,000
Oklahoma	80,126	124,012	79,000
Oregon	512,482	510,868	507,000
Pennsylvania	90,488	134,947	71,000
Puerto Rico	10,276	47,161	0
Rhode Island	10,740	3,977	3,000
South Carolina	1,035,353	1,020,416	1,022,000
South Dakota	26,192	26,766	23,000
Tennessee	76,973	160,034	110,000
Texas	534,214	610,340	533,000
Vermont	19,525	20,469	20,000
Virginia	766,900	805,221	790,000
Washington	364,198	357,000	357,000
West Virginia	68,594	55,524	60,000
Wisconsin	164,358	312,371	161,000
Wyoming	61,861	82,227	71,000
Undistributed	- 126,497	325,334	--
ASCS, Sub-total	11,149,467	13,083,630	11,201,000
FS Technical Assistance	2,490,000	1,250,546	1,245,000
Total, Available or Estimate	\$13,639,467	\$14,334,176	\$12,446,000

RURAL CLEAN WATER PROGRAM

Appropriations Act, 1992	--
Budget Estimate, 1993	--
Change in Appropriation	--

PROJECT STATEMENT
(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
Cost-sharing and technical assistance to farmers	\$356,059	\$1,235,830	-\$1,235,830	--
Unobligated balance brought forward from prior years	-1,591,888	-1,235,830	+1,235,830	--
Unobligated balance carried forward to next year	<u>1,235,830</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, appropriation or estimate	--	--	--	--

EXPLANATION OF PROGRAM

The experimental Rural Clean Water Program is authorized by the Agriculture, Rural Development and Related Agencies Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528).

The purpose of the program is to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. It provides long-term financial and technical assistance to landowners and operators to improve water quality and meet water quality goals. Under the program, participants agree to install and maintain practices as specified in an approved water quality plan. The effectiveness of the practices in reducing identified pollutants entering a stream or lake or leaving their source is evaluated.

Federal technical assistance is provided by the Soil Conservation Service, Forest Service, Economic Research Service, and the Environmental Protection Agency. Nonfederal technical assistance is provided by local agencies and/or conservation districts.

The experimental program encompasses 21 project areas, which contain a multiplicity of pollution-causing materials (nutrients/fertilizers, toxics/pesticides, organics/bacteria, sediment, dissolved solids, etc.). Recommended project areas were developed by local and State committees and approved by the Secretary of Agriculture in consultation with the Administrator of the Environmental Protection Agency.

Full funding is provided for all projects on a current dollar basis. Application of the construction cost index (from the Department of Commerce Composite of Construction Cost Index, Bureau of the Census, Construction Statistics Division) to the original approvals is used to project future budgetary requirements. Activities represented in the 1993 Budget require no additional funding. Projects have been fully funded by 1980 and 1981 appropriations.

The following tables show (a) outlays by State, fiscal year 1991, (b) geographic breakdown of obligations for fiscal years 1991-1993, and (c) costs by project.

Rural Clean Water Program
Fiscal Year 1991 Outlays by State

State	Outlays
Alabama	\$216
Delaware	16,175
Florida	67,257
Idaho	62,150
Illinois	13,295
Iowa	2,047
Kansas	15,621
Kentucky	3,303
Louisiana	6,533
Maryland	97,947
Michigan	1,222
Minnesota	91,368
Nebraska	82,090
Oregon	93,828
Pennsylvania	58,875
South Carolina	356
South Dakota	5,079
Tennessee	78,740
Vermont	4,163
Virginia	30,818
Wisconsin	58,810
Undistributed	603,859
ASCS, Subtotal	1,393,752
Technical Assistance	1,114,128
TOTAL	\$2,507,880

Rural Clean Water Program
Geographic Breakdown of Obligations
Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993

State	1991 Actual	1992 Estimated	1993 Estimated
Alabama	--	--	--
Delaware	--	--	--
Florida	--	--	--
Idaho	--	--	--
Illinois	--	--	--
Iowa	--	--	--
Kansas	--	--	--
Kentucky	--	--	--
Louisiana	--	--	--
Maryland	--	--	--
Michigan	--	--	--
Minnesota	--	--	--
Nebraska	\$86,137	--	--
Oregon	--	--	--
Pennsylvania	-30,000	--	--
South Carolina	--	--	--
South Dakota	--	--	--
Tennessee	--	--	--
Vermont	--	--	--
Virginia	--	--	--
Wisconsin	--	--	--
Undistributed	105	\$235,830	--
ASCS, Subtotal	56,242	235,830	--
Technical Assistance	299,817	1,000,000	--
Total, Available or Estimate	\$356,059	\$1,235,830	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

RURAL CLEAN WATER PROGRAM PROJECTS

<u>Project</u>	<u>Location</u>	<u>Actual Cost</u> <u>1/</u>	<u>Status</u>
Lake Tholocco	Alabama	\$1,831,260	Implemented in 1980. 80% of its critical acres and 100% of its best management practice (BMP) funds are under contract.
Appoquinimink	Delaware	940,593	Implemented in 1980. 87% of its critical acres and 99% of its BMP funds are under contract.
Taylor Creek-Nubbin Slough/ project Lower Kissimmee River	Florida	3,107,968	The Taylor Creek-Nubbin Slough was implemented in 1981. 87% of its critical acres and 98% of its BMP funds are under contract. Lower Kissimmee River was added in 1988. 58% of its critical acres and 62% of its BMP funds are under contract.
Rock Creek	Idaho	5,295,280	Implemented in 1980. 73% of its critical acres and 96% of its BMP funds are under contract. Selected as one of five comprehensive monitoring and evaluation (CM&E) projects.
Highland Silver Lake	Illinois	3,938,028	Implemented in 1980. 82% of its critical acres and 95% of its BMP funds are under contract. A CM&E project.
Prairie Rose Lake	Iowa	709,228	Implemented in 1980. 97% of its critical acres and 83% of its BMP funds are under contract.
Upper Wakarusa	Kansas	2,185,028	Implemented in 1980. Has been terminated.

Reelfoot Lake	Kentucky	821,205	Implemented in 1980. 64% of its critical acres and 90% of its BMP funds are under contract.
Bonne Idee	Louisiana	4,285,099	Implemented in 1980. 75% of its critical acres and 88% of its BMP funds are under contract.
Double Pipe Creek	Maryland	4,942,375	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.
Westport River	Massachusetts	720,422	Implemented in 1981. 67% of its critical acres and 88% of its BMP funds are under contract.
Saline Valley	Michigan	2,667,222	Implemented in 1980. 32% of its critical acres and 100% of its BMP funds are under contract.
Garvin Brook	Minnesota	2,604,633	Implemented in 1981. 42% of its critical acres and 100% of its BMP funds are under contract.
Long Pine Creek	Nebraska	2,370,587	Implemented in 1981. 79% of its critical acres and 99% of its BMP funds are under contract.
Tillamook Bay	Oregon	5,480,797	Implemented in 1981. 98% of its critical acres and 99% of its BMP funds are under contract.
Conestoga Headwaters	Pennsylvania	4,140,133	Implemented in 1981. 40% of its critical acres and 79% of its BMP funds are under contract. A CM&E project.
Oakwood Lake Poinsett	South Dakota	3,605,551	Implemented in 1981. 61% of its critical acres and 63% of its BMP funds are under contract. A CM&E project.

Reelfoot Lake	Tennessee	4,445,373	Implemented in 1980. 58% of its critical acres and 96% of its BMP funds are under contract.
Snake Creek	Utah	426,889	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.
St. Albans Bay	Vermont	5,139,818	Implemented in 1980. 75% of its critical acres and 100% of its BMP funds are under contract. A CM&E project.
Nansemond-Chuckatuck	Virginia	2,096,150	Implemented in 1981. 75% of its critical acres and 92% of its BMP funds are under contract.
Lower Manitowoc	Wisconsin	2,244,540	Implemented in 1980. 57% of its critical acres and 88% of its BMP funds are under contract.
Subtotal		63,998,179	
Technical Assistance, National Association of Conservation Districts		<u>1,821</u>	
TOTAL		<u>\$64,000,000</u>	

- 1/ Includes funds for best management practices, information and education, Federal and nonfederal technical assistance, and comprehensive monitoring and evaluation. A best management practice is a single practice or a system of practices to improve water quality included in the approved RCWP project application that reduces or prevents agricultural nonpoint source pollution. Comprehensive monitoring and evaluation involves the monitoring of water quality analysis of samples, evaluation of results, and analysis of socioeconomic impact on the affected population.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Reserve Program (Including Transfers of Funds)

For necessary expenses to carry out the conservation reserve program pursuant to the Food Security Act of 1985 (16 U.S.C. 3831-3845), [~~\$1,611,277,000~~] \$1,606,540,000, to remain available until expended, to be used for Commodity Credit Corporation expenditures for cost-share assistance for the establishment of conservation practices provided for in approved conservation reserve program contracts, for annual rental payments provided in such contracts, and for technical assistance: Provided, That none of the funds in this Act may be used to enter into new contracts that are in excess of the prevailing local rental rates for an acre of comparable land.

Conservation Reserve Program

Appropriations Act, 1992.....	\$1,611,277,000
Budget Estimate, 1993.....	<u>1,606,540,000</u>
Decrease in Appropriation.....	<u>-4,737,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Annual rental payments, cost-sharing, and technical assistance to farmers.....	<u>\$1,611,277,000</u>	<u>-\$4,737,000</u>	<u>\$1,606,540,000</u>

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
Annual rental payments.....	\$1,590,086,938	\$1,680,417,369	+\$66,299,666	\$1,746,717,035
Cost-sharing assistance.....	40,889,840	49,128,567	-10,607,475	38,521,092
Technical assistance:				
SCS.....	9,942,235	5,845,000	+6,856,000	12,701,000
FS.....	1,135,433	932,250	-609,352	322,898
Easements.....	--	3,236,814	-2,867,289	369,525
Total, tech. asst.	11,077,668	10,014,064	+3,379,359	13,393,423
Total, program level.....	1,642,054,446	1,739,560,000	+59,071,550	1,798,631,550
Unobligated balance brought forward from prior years.....	-647,502,996	-320,374,550	+128,283,000	-192,091,550
Unobligated balance carried forward to next year.....	<u>320,374,550</u>	<u>192,091,550</u>	<u>-192,091,550</u>	<u>--</u>
Total, appropriation or estimate.....	1,314,926,000	1,611,277,000	-4,737,000	1,606,540,000

EXPLANATION OF PROGRAM

The Conservation Reserve Program (CRP) was established initially as a voluntary program to help farmers prevent or control soil erosion on highly erodible and environmentally sensitive cropland. The continuation of the program authorized by the FACT Act of 1990 targets additional participation to areas where agriculture adversely impacts water quality. In accordance with the FACT Act, the program is directed toward encouraging the enrollment of croplands in conservation priority areas such as the Chesapeake Bay region, Great Lakes region, Long Island Sound region, and other areas of special environmental sensitivity in order to maximize benefits to water quality and wildlife habitat. Eligible land also includes areas with identified water quality impairment, designated priority areas and public wellhead areas identified by the Environmental Protection Agency. Land that is established to certain specific program practices is placed under useful life easements of 15 to 30 years. The Reserve also helps adjust the production of some surplus agricultural commodities.

The objectives of the CRP are to conserve and improve soil and water resources by establishing permanent cover on eligible cropland. The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands. It is administered through the Commodity Credit Corporation (CCC) under the general supervision of the Administrator, ASCS, and is carried out by State and local ASC committees. Farmers decide what eligible cropland to offer for enrollment. Those whose bids are accepted enter into a contract with ASCS in which they agree to take the land out of annual crop production, establish permanent cover of perennial grass, legumes, wildlife cover, or trees, and make a proportionate reduction in their program base acreage. The contracts are for 10 years or, at the participant's option, for up to 15 years if the acreage is to be planted to hardwood trees, shelterbelts, windbreaks, or wildlife habitat corridors. In return, USDA provides annual rental payments for 10- to 15-year contracts and useful life easements, and one-time payments for half the cost of establishing the permanent cover.

In fiscal years 1988 through 1992, funds were appropriated in advance for rental, cost-sharing, and technical assistance payments. The Food Security Act of 1985, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990, provides authority to enter into CRP contracts through fiscal year 1995. Appropriations will be requested annually to make payments through fiscal year 2011.

The FACT Act established a new umbrella program, the Environmental Conservation Acreage Reserve Program (ECARP), which encompasses the existing CRP and a new Wetlands Reserve Program (WRP) to assist owners of eligible lands in restoring and protecting wetlands. The law requires that at least 40 million acres be enrolled in ECARP by the end of 1995, including acreage already in the CRP. In addition, the law specifies a 1-million-acre minimum enrollment in the CRP in both calendar years 1994 and 1995 and, to the extent practicable, a 1-million-acre total enrollment in the WRP.

1992 Program

1. Program Participation. During fiscal year 1992, the program is expected to enroll approximately 1.1 million 1993-crop acres, which will include highly erodible cropland and cropland addressing water quality and other environmental problems. The 1990 FACT Act strengthened the CRP by broadening eligibility for the program to include cropland that contributes to water quality degradation, new filter strips and waterways, saline lands, and wellhead protection areas. The 1993-crop acres, together with the 35.5 million acres previously enrolled through fiscal year 1991, would bring total enrollment to approximately 36.6 million acres through 1992.
2. Eligibility. To be eligible to enter a CRP contract, an applicant must:
 - be an individual, partnership, association, corporation, estate, trust, other business enterprise or legal entity, or State or local subdivision of a State owning or operating State or local croplands
 - own or operate eligible cropland that
 - has been planted to an agricultural commodity in at least two of the five years 1986 through 1990
 - meets the definition of eligible land announced by the Secretary for CRP purposes

- implement an approved conservation plan
 - refrain from grazing or harvesting any crops from the land enrolled in CRP, unless authorized for emergency purposes
 - reduce the aggregate total of acreage bases, allotments, and quotas for the contract period by an amount based on the ratio of the total cropland acreage and the total acreage subject to the CRP contract.
3. Bid Selection. Bid selection will be made after a nationwide review and evaluation, and will be based on the environmental benefits of placing the land in the CRP compared to the dollar cost. To increase water quality benefits under the CRP, areas such as filterstrips, sod waterways, shelterbelts, and contour grass strips will receive additional consideration during the evaluation process.
 4. Annual Rental Payments. Annual rental payments, subject to compliance certification, are made after October 1 of the effective year of the contract. Rental payments of \$1.68 billion due in fiscal year 1992 for crop years 1986 through 1991 rental agreements were made in October 1991, and were paid entirely in cash.
 5. Technical Assistance. The technical services of the Soil Conservation Service, Forest Service, and other appropriate agencies are used to carry out the CRP. The SCS determines eligibility of land and assists farmers in preparing conservation plans. The Forest Service and cooperating State forestry agencies help plan and install practices involving trees. In addition, as a component of technical assistance provided to producers, the Federal Government pays fair and reasonable easement overhead costs on useful life easements for land within a State-approved wellhead protection area that requires a useful life easement, and on land established to certain priority practices.

JUSTIFICATION OF DECREASE

A decrease of \$4,737,000 in appropriation for estimated expenditures for annual rental payments, cover, and technical assistance costs due in fiscal year 1993 (\$1,611,277,000 available in fiscal year 1992).

Need for Change. In order to make payments for commitments incurred by the Federal Government under Conservation Reserve Program contracts, in accordance with the provisions of the Food Security Act of 1985, as amended, funds are needed to make program payments due in fiscal year 1993 only. These funds would be used to make cash payments for technical assistance, establishing vegetative cover, and annual rental payments coming due in fiscal year 1993. Although total fiscal year 1993 estimated program costs are greater than in 1992 because of increased annual rental payments and estimated technical assistance, a decrease in the 1993 appropriation is appropriate due to unobligated fund balances available for use in 1993.

The 1993 appropriation request and the estimated unobligated balance available would fund approximately \$38.5 million in cover costs estimated to be paid in fiscal year 1993 on crop year 1993 and previously enrolled crop acres, and projected annual rental payments of \$1.747 billion due in fiscal year 1993 on 1986-through 1992-crop acres. Total program payments in fiscal year 1993 are based on a total enrollment of 37.0 million acres, which includes an anticipated 381,000 1994-crop acres to be enrolled in fiscal year 1993. Rental payments due on 1993-crop acres enrolled in fiscal year 1992 are not payable until fiscal year 1994, and rental payments on 1994-crop acres will not be payable until fiscal year 1995.

The decrease in cover costs of approximately \$10.6 million in fiscal year 1993 reflects an updated 5-year cost distribution pattern for estimating cover costs and the fact that more cover establishment is now expected in fiscal 1992 to compensate for lower than expected cover establishment rates by farmers in fiscal year 1991. The estimated increase of \$66 million in rental payments, from \$1.680 billion in fiscal year 1992 to \$1.747 billion in fiscal year 1993, reflects new rental payments on the 1.12 million 1992-crop acres (enrolled in fiscal year 1991) that will be due for the first time in fiscal year 1993.

Nature of Change. The fiscal year 1993 appropriation request of \$1.607 billion, together with the estimated \$192 million in unobligated balances brought forward from fiscal year 1992, would provide:

- \$38.5 million for cost-sharing practices to establish permanent cover in fiscal year 1993
- \$1.747 billion for cash rental payments for 1986 through 1992-crop acreage contracts signed during fiscal years 1986 through 1991. No CCC commodity certificates were used to pay rental payments in fiscal year 1992 and none are proposed in fiscal year 1993
- \$13.4 million for technical assistance.

The following tables show (a) actual CRP enrollment through fiscal year 1991 and estimated enrollment for fiscal years 1992 and 1993, and (b) geographic breakdown of obligations for fiscal years 1991-93.

Conservation Reserve Program
Actual Enrollment through Fiscal Year 1991
and Estimated 1992 and 1993
(Millions of Acres)

Crop Year	Actual FY 1986	Actual FY 1987	Actual FY 1988	Actual FY 1989	Actual FY 1990	Estimated FY 1991	Estimated FY 1992	Estimated FY 1993	Crop Year Total
1986	2.04	--	--	--	--	--	--	--	2.04
1987	6.19	7.48	--	--	--	--	--	--	13.67
1988	--	6.44	2.32	--	--	--	--	--	8.76
1989	--	--	3.66	1.69	--	--	--	--	5.35
1990	--	--	--	4.10	--	--	--	--	4.10
1991	--	--	--	--	--	0.48	--	--	.48
1992	--	--	--	--	--	1.12	--	--	1.12
1993	--	--	--	--	--	--	1.10	--	1.10
1994	--	--	--	--	--	--	--	.38	.38
Totals	8.23	13.92	5.98	5.79	--	1.60	1.10	.38	37.00
Cumulative, Fiscal Year	8.23	22.15	28.13	33.92	33.92	35.52	36.62	37.00	

NOTE: The law requires that at least 39 million acres be enrolled in CRP by the end of 1995, including acreage already in the CRP. In addition, the law specifies a 1-million-acre minimum enrollment in both calendar years 1994 and 1995.

Conservation Reserve Program
Geographic Breakdown of Obligations
Fiscal Year 1991 and Estimated Fiscal Years 1992 and 1993

State	1991 Actual	1992 Estimated	1993 Estimated
Alabama	21,810,292	24,170,937	24,536,332
Alaska	990,471	994,818	972,969
Arizona	2,319	0	0
Arkansas	11,159,705	12,053,426	12,527,267
California	8,336,636	8,809,389	9,164,736
Colorado	79,649,371	82,251,461	82,383,222
Connecticut	0	500	500
Delaware	63,340	67,610	66,022
Florida	4,957,944	5,533,513	5,642,036
Georgia	25,075,108	30,436,675	30,644,999
Hawaii	0	3,467	3,467
Idaho	35,114,967	38,098,469	39,914,459
Illinois	47,212,396	51,314,750	58,178,718
Indiana	26,329,549	28,434,930	31,928,817
Iowa	159,432,753	163,603,786	173,745,279
Kansas	155,084,348	153,369,277	154,601,695
Kentucky	23,962,247	24,854,600	25,474,942
Louisiana	6,240,326	6,443,890	6,521,535
Maine	1,703,299	1,878,117	1,881,959
Maryland	1,158,522	1,366,771	1,501,807
Massachusetts	1,020	1,474	1,457
Michigan	11,661,673	13,606,151	17,171,389
Minnesota	97,521,242	103,614,659	106,668,596
Mississippi	30,716,828	34,996,912	36,573,287
Missouri	94,775,945	97,563,431	104,509,370
Montana	101,752,640	108,865,975	108,860,384
Nebraska	73,741,832	76,214,394	78,265,368
Nevada	117,334	127,554	125,453
New Hampshire	0	0	0
New Jersey	31,511	34,541	35,043
New Mexico	18,327,075	18,760,057	18,853,579
New York	2,875,376	3,333,012	3,462,227
North Carolina	6,040,564	6,636,882	6,894,763
North Dakota	110,985,389	125,833,654	123,216,171
Ohio	17,360,714	19,691,509	24,576,284
Oklahoma	49,410,325	50,418,635	51,267,659
Oregon	25,650,594	25,319,683	25,751,947
Pennsylvania	5,536,092	6,081,773	6,307,945
Puerto Rico	29,040	27,265	26,644
Rhode Island	0	0	0
South Carolina	10,964,659	11,852,436	12,017,166
South Dakota	73,859,553	90,318,159	88,517,617
Tennessee	21,694,713	23,150,651	24,042,760
Texas	156,348,634	161,593,402	164,163,750
Utah	9,380,667	9,440,333	9,419,117
Vermont	11,697	9,229	9,655
Virgin Islands	0	0	0
Virginia	3,755,398	4,068,235	4,135,460
Washington	49,981,702	49,577,739	51,993,516
West Virginia	28,997	29,841	29,621
Wisconsin	39,657,726	44,584,802	48,617,272
Wyoming	9,897,300	10,107,165	10,033,869
undistributed	576,944	0	0
ASCS Subtotal	1,630,976,778	1,729,545,936	1,785,238,127
SCS Tech. Assistance	9,942,235	5,845,000	12,701,000
FS Tech. Assistance	1,135,433	932,250	322,898
Easement Tech. Assistance	0	3,236,814 a/	369,525
Total, Available or Estimate	1,642,054,446	1,739,560,000	1,798,631,550

a/ Includes \$2,169,314 in estimated easement costs from FY 1991 that were not paid in FY 1991.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Wetlands Reserve Program

For necessary expenses to carry out the Wetlands Reserve Program pursuant to subchapter C of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837), [\$46,357,000] \$160,893,000, to remain available until expended: Provided, That [none of the funds made available by this Act shall be used to enter in excess of 50,000 acres in fiscal year 1992 into the Wetlands Reserve Program provided for herein: Provided further, That] the Secretary is authorized to use the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of carrying out the Wetlands Reserve Program.

The change in appropriation language is for the purpose of deleting the 50,000 acre limitation applicable to fiscal year 1992. The Budget proposes funding for about 200,000 acres for fiscal year 1993 and accepted acreage will be determined by a bid process within the funding appropriated.

WETLANDS RESERVE PROGRAM

Appropriations Act, 1992.....	\$46,357,000
Budget Estimate, 1993.....	<u>160,893,000</u>
Increase in Appropriation.....	<u>+114,536,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Easement payments, cost-sharing and technical assistance to landowners and others.....	<u>\$46,357,000</u>	<u>+\$114,536,000</u>	<u>\$160,893,000</u>

PROJECT STATEMENT
(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
Easements payments...	--	\$29,250,000	+\$87,750,000	\$117,000,000
Cost-sharing.....	--	6,000,000	+18,000,000	24,000,000
Technical assistance.	--	<u>6,200,000</u>	<u>+18,600,000</u>	<u>24,800,000</u>
Total, program level.	--	41,450,000	+124,350,000	165,800,000
Unobligated balance brought forward from prior years.....	--	--	-4,907,000	-4,907,000
Unobligated balance carried forward to next year.....	--	<u>4,907,000</u>	<u>-4,907,000</u>	--
Total, available or estimate.....	--	46,357,000	+114,536,000	160,893,000

EXPLANATION OF THE PROGRAM

The Wetlands Reserve Program (WRP) is a mandatory program (subject to the availability of appropriations) authorized by Title XIV, Section 1438, of the Food, Agriculture, Conservation, and Trade Act of 1990. It is one component of the larger Environmental Conservation Acreage Reserve Program (ECARP), which also includes the existing Conservation Reserve Program (CRP). The 1990 FACT Act requires the Secretary to enroll at least 40 million acres in ECARP by the end of 1995, including, to the extent practicable, 1 million acres in the WRP.

The primary objectives of the Wetlands Reserve Program are to preserve and restore wetlands, improve wildlife habitat, and protect migratory bird habitat. The Secretary of Agriculture, through designated ASCS county offices, uses program funds to enter into contracts with landowners who operate farmed or converted wetlands, farmed wetland or prior converted wetland and adjoining land or riparian corridors. The contracts are easements of 30 years or the maximum allowable under State law or permanent easements. Technical assistance is provided by the Soil Conservation Service and Fish and Wildlife Service.

The fiscal year 1992 appropriation provided initial funding of \$46.357 million to enroll 50,000 acres. The total USDA goal is 1 million acres by 1995. Together with the 39.0 million acres proposed to be enrolled under the CRP through 1995 (including CRP acreage already enrolled), 40 million acres will be under the ECARP, the minimum required by the FACT Act.

Under the WRP, the timing of compensation will depend upon whether or not easements are permanent. For non-permanent easements the law authorizes annual payments over a period of not fewer than 5 or more than 20 years. The program decision has been made to issue 10 equal annual payments. For permanent easements, participants have the option to elect a lump-sum payment contingent upon completion of the required wetland restoration and protection plan. During the plan's implementation, a participant will receive 10 percent of the total bid amount annually, with the remainder paid upon completion of all restoration practices. Compensation will be in cash as specified in the contract, but will not exceed the fair market value of the land. The program also provides to landowners cost-share assistance of up to 75 percent of eligible restoration costs.

The Wetlands Reserve entails coordination and consultation with other USDA and non-USDA agencies, such as the Fish and Wildlife Service and Environmental Protection Agency.

Easement costs will include a land survey, which will range from \$350 to \$1,000, and appraisals, which will range from \$250 to \$800 each. In addition, the update of the abstract, recording fees, attorney fees and various taxes will range from \$250 to \$750 per easement. These costs will be covered by the Federal government and are authorized to be paid by section 303 of the Uniform Relocation Assistance and Land Acquisition Policies Act of 1970. Therefore, based on these figures, costs could range from \$850 to \$2,050. An estimate of \$1,500 per easement is used for the proposed budget. These additional easement costs would equate to about \$75 per acre for an average projected easement of about 20 acres. These costs are included within the projected acquisition (easement) rates to be funded by the appropriation, rather than borne by the producer.

The appropriation requested is to fully fund all program costs up-front, even though payments may be made over a multi-year period.

JUSTIFICATION OF INCREASE

An increase of \$114,536,000 for Wetlands Reserve Program easement payments, cost-sharing, and technical assistance to landowners (\$46,357,000 available in fiscal year 1992).

Need for Change. The 1993 funding request of \$160.893 million, together with \$4.907 million in estimated unobligated balances, will help achieve the 1990 FACT Act's wetland protection and restoration objectives. The President has announced a comprehensive plan for improving the protection of the nation's wetlands. One facet of this plan is to strengthen wetlands acquisition, including making full use of the million-acre WRP authority provided by the FACT Act. Program objectives are to protect and enhance habitat for migratory birds and other wildlife, and to reduce on-farm and off-farm environmental threats from agricultural production. Wetlands are productive and valuable national resources that constitute habitat crucial to many forms of wildlife and are important in maintaining ground water supplies and water quality, in protecting shorelines from erosion, in storing floodwaters, and in trapping sediments.

Nature of Change. The 1993 request represents budgetary assumptions regarding possible levels of participation at specified acquisition rates. The program level of \$165.8 million will permit easements with landowners on about 200,000 wetland acres in 1993. \$24.8 million of the request is for SCS technical assistance. The program goal is to place a total of 1 million acres under easement by 1995.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS

No geographic breakdown of obligations for the Wetlands Reserve Program is available since this is a new program for implementation in 1992 and no operating history is available. Total obligations of \$41,450,000 for 1992 and \$165,800,000 for FY 1993 are therefore undistributed.

COMMODITY CREDIT CORPORATION

Purpose Statement

The Commodity Credit Corporation (CCC) is a wholly-owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are support programs for agricultural commodities. These include the storage, handling, and disposition of commodities acquired under the various programs; and set-aside or acreage reduction, loan deficiency, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; certificate programs; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), which are financed by appropriations authorized by statutes providing for these activities. Under section 201 of the Agricultural Trade Act of 1978, as amended, CCC may finance short-term export credit sales on credit terms not to exceed three years under the Export Credit Sales Program. The Corporation is also authorized by section 201 to finance intermediate-term export credit sales in excess of three years, but not more than 10 years. The Corporation is also authorized under section 202 of the Agricultural Trade Act of 1978, as amended, to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture. The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service (ASCS) and the Agricultural Stabilization and Conservation (ASC) State and county committees. The General Sales Manager, the Foreign Agricultural Service, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

ASCS administers CCC's activities through its headquarters offices in Washington, D.C., and the Kansas City field offices.

The ASC State and county committees carry out certain support and related activities of the Corporation within the States and counties. There are 50 State offices, an insular area office in Puerto Rico, and approximately 2,800 county offices. The ASC State committees supervise the activities of the ASC county committees in their respective States.

FINANCING

Borrowing Authority

The Corporation has an authorized capital stock of \$100 million held by the United States, with the authority to have outstanding borrowings of up to \$30 billion at any one time. P.L. 95-279, approved May 15, 1978, increased the statutory borrowing authority to \$25 billion from \$20 billion, to the extent provided in appropriations acts. The fiscal year 1982 supplemental appropriations act, P.L. 97-257, increased the availability to \$25 billion. The fiscal year 1988 appropriations act, P.L. 100-202, increased the statutory borrowing authority to \$30 billion.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest may also be paid on other notes and obligations at a rate prescribed by the Commodity Credit Corporation and approved by the Secretary of the Treasury.

The Department of Agriculture and Related Agencies Appropriations Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after the end of the fiscal year in which such losses are realized.

Contract Authority

Support and other programs required by statute may result in the Corporation's incurring obligations in excess of available funds or borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds which may become available to the Corporation. Any increase in obligations in excess of available fund resources is reported as contract authority in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the contract authority.

Appropriations:

Reimbursement for Net Realized Losses

Under Public Law 87-155 (15 U.S.C. 713a-11, 713a-12), annual appropriations were authorized for each fiscal year, commencing with fiscal year 1961, to reimburse the Corporation for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that the Corporation be reimbursed for its net realized losses by means of a current, indefinite appropriation.

Disaster Payments

The Dire Emergency Supplemental Appropriations Act of 1991 provided \$1,400,000 for disaster payments due to damage attributable to Hurricane Hugo. The Dire Emergency Supplemental Appropriations Act of 1992 provided \$995,000,000 for payments to producers for losses on either 1990 or 1991 crops, at the producer's option.

National Wool Act

Under section 705 of the National Wool Act, as amended (7 U.S.C. 1781-1787), a permanent appropriation is made to reimburse the Corporation for amounts expended during the preceding fiscal year and for amounts expended in prior fiscal years not previously reimbursed. This appropriation may not exceed 70 percent of the gross receipts from duties collected on wool and wool manufactures during the immediately preceding calendar year.

CCC Export Guarantees

Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget

Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Guarantee Programs (GSM-102 and GSM-103) is authorized to cover the obligations and commitments of pre-fiscal year 1992 guarantees. Use of this authority to date includes \$2,756,817,000 which was transferred to the CCC revolving fund and used in early fiscal year 1992 to repay all CCC notes payable (borrowings) incurred while financing CCC export guarantee claims incurred prior to October 1, 1991. Additional fiscal year 1992 authority of \$899,388,000 will be used to finance the payment of claims in fiscal year 1992 for export guarantee commitments incurred prior to October 1, 1991. Because of the availability of this permanent, indefinite appropriation, this activity is no longer financed by CCC's \$30 billion borrowing authority.

CCC Export Loans Program Account

Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Programs (GSM-102 and GSM-103) is authorized to cover the subsidy costs of the current year's program. The fiscal year 1993 appropriation represents the present value of CCC's estimated net cashflows over the lifetime of the credit guarantees made in fiscal year 1993. This activity is also not financed by the Corporation's \$30 billion borrowing authority. A current, definite amount is appropriated by Congress for the administrative costs of carrying out the export guarantee programs.

Commodity Credit Corporation Available Funds 1991 Actual and Estimated 1992 and 1993

Item	1991 Actual	1992 Estimated	1993 Estimated
Reimbursement for Net Realized Losses.....	\$5,000,000,000	\$7,250,000,000	\$9,200,000,000 ^a
Appropriations for Disaster Payments.....	1,400,000	995,000,000	---
Reimbursement to CCC National Wool Act.....	104,407,000	172,240,000	177,674,000
CCC Export Guarantee Account...	---	3,656,205,000	199,051,000
CCC Export Loans Program Account (permanent, indefinite).....	---	155,524,000	158,460,000
CCC Export Loans Program Account (current, definite).....	---	3,320,000	3,883,000
Total Commodity Credit Corporation.....	\$5,105,807,000	\$12,232,289,000	\$9,739,068,000

^{a/} Proposed to be reimbursed through current, indefinite appropriation.

CLASSIFICATION BY OBJECTS
1991 and Estimated 1992 and 1993
(thousands of dollars)

	<u>1991</u>	<u>1992</u>	<u>1993</u>
22 Transportation of things.....	\$417,284	\$411,354	\$350,090
25 Other services.....	883,413	323,380	246,467
Storage and handling (including producer storage payments).....	423,366	183,173	116,248
26 Supplies and materials (cost of commodities sold or donated):			
Foreign Assistance Programs.....	959,950	762,330	686,406
Other.....	1,739,324	1,363,958	1,309,185
31 Equipment.....	21,397	74,200	50,000
33 Investments and loans.....	7,410,299	9,261,433	8,751,779
41 Grants, subsidies, and contributions	7,501,223	10,582,581	9,588,091
43 Interest and dividends.....	<u>911,552</u>	<u>513,567</u>	<u>538,562</u>
Total obligations.....	<u>20,267,808</u>	<u>23,475,976</u>	<u>21,636,828</u>

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

COMMODITY CREDIT CORPORATION FUNDReimbursement for Net Realized Losses:

- 1 For fiscal year [1992] 1993, such sums as may be necessary to reimburse the Commodity Credit Corporation for net realized losses sustained, but not
- 2 previously reimbursed [(estimated to be \$9,000,000,000 in the President's fiscal year 1992 Budget Request (H. Doc. 102-3)), but not to exceed \$8,450,000,000], pursuant to section 2 of the Act of August 17, 1961, as amended (15 U.S.C. 713a-11).
- 3 [Such funds are appropriated to reimburse the Corporation to restore losses incurred during prior fiscal years. Such losses for fiscal years 1990 and 1991 include \$900,000,000 in connection with carrying out the Export Enhancement Program (EEP), \$200,000,000 in connection with carrying out the Market Promotion Program (MPP), formerly the Targeted Export Assistance Program (TEA), \$300,000,000 in connection with carrying out the Federal Crop Insurance Program, \$445,773,000 in connection with domestic donations, \$281,605,000 in connection with export donations, and \$6,322,622,000 in connection with carrying out the commodity programs.

Notwithstanding the foregoing provisions of this Act, the reimbursement to the Commodity Credit Corporation for net realized losses sustained, but not previously reimbursed, in fiscal year 1992 shall not exceed \$7,250,000,000.]

Operations and Maintenance for Hazardous Waste Management:

- 4 For fiscal year [1992] 1993, CCC shall not expend more than \$3,000,000 for expenses to comply with the requirement of Section 107(g) of the Comprehensive Environmental Response, Compensation, and Liability Act, as amended, 42 U.S.C. 9607(g), and Section 6001 of the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6961: Provided, that expenses shall be for operations and maintenance costs only and that other hazardous waste management costs shall be paid for by the USDA Hazardous Waste Management appropriation.

5 [Short-Term Export Credit:]

[The Commodity Credit Corporation shall make available not less than \$5,000,000,000 in credit guarantees under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).]

6 [Intermediate Export Credit:]

[The Commodity Credit Corporation shall make available not less than \$500,000,000 in credit guarantees under its export guarantee program for intermediate-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 211(b)(2) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).]

7 [Emerging Democracies Export Credit:]

[The Commodity Credit Corporation shall make available not less than \$200,000,000 in credit guarantees under its Export Guarantee Program for credit expended to finance the export sales of United States agricultural commodities and the products thereof to emerging democracies, as authorized by section 1542 of Public Law 101-624 (7 U.S.C. 5622 note).]

8 [Commodity Credit Corporation]

[In view of the occurrence of recent natural disasters-similar to the volcano eruption of 1980, the earthquake of 1989, and the hurricane of 1989-droughts, floods, freezes, tornadoes, and other catastrophes which resulted in billions of dollars in damages, and in an effort to restore the economy and to alleviate the effects of the disasters, an additional \$1,750,000,000, to remain available until expended, is hereby made available for losses associated with 1990 crops as authorized by Public Law 101-624, and for losses associated with 1991 and 1992 crops under the same terms and conditions: Provided, That \$995,000,000 of this amount is available for payments to producers for losses on either 1990 or 1991 crops, at the producer's option: Provided further, That the remaining \$755,000,000 shall be available only to the extent an official budget request, for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, is transmitted to the Congress: Provided further, That this \$755,000,000 shall be available for crop losses for one of the years 1990, 1991 or 1992, at the producer's option, but shall not be for a year for which disaster payments were previously provided to the producer: Provided further, That \$100,000,000 of the \$755,000,000 is set aside for program crops planted in 1991 for harvest in 1992: Provided further, That, consistent with the amounts made available above, emergency loans made with respect to damage to an annual crop planted for harvest in 1991 under subtitle C of the Consolidated Farm and Rural Development Act shall be made available without regard to the purchase of crop insurance under the Federal Crop Insurance Act by the producer who requests such a loan.]

The first change updates the fiscal year designation of the current, indefinite appropriation to reimburse the Corporation for net realized losses sustained.

The second change is proposed to eliminate the ceiling on the current, indefinite appropriation authority. The ceiling limits the flexibility CCC would otherwise have to request funds as needed from the Treasury to avoid operating disruptions due to a lack of sufficient funds.

The third change deletes language which applied to the fiscal year 1992 appropriation. The CCC appropriation is used to reimburse losses incurred in connection with all CCC support and related activities. Therefore, the 1992 language which identifies specific program losses for reimbursement is unnecessary.

The fourth change updates the fiscal year designation for the ceiling on expenditures in connection with CCC's hazardous waste management costs for operations and maintenance.

The fifth, sixth and seventh changes delete all appropriation language pertaining to export credit authorizations in accordance with the Federal Credit Reform Act of 1990. This language is not needed in the appropriations since the export credit authorizations are permanent authority.

The eighth change deletes language which applied to the fiscal year 1992 Dire Emergency Supplemental Appropriations Act.

Reimbursement for Net Realized Losses

Appropriations Act, 1992.....	\$7,250,000,000
Budget Estimate, 1993.....	\$9,200,000,000
Increase in Appropriation.....	<u>+\$1,950,000,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change

	1992 <u>Estimated</u>	<u>Change</u>	1993 <u>Estimated</u>
Reimbursement of losses:			
1990 actual losses.....	\$7,250,000,000	-\$6,600,155,000	\$649,845,000
1991 actual losses.....	—	+8,550,155,000	<u>8,550,155,000</u>
TOTAL AVAILABLE.....	<u>\$7,250,000,000</u>	<u>+\$1,950,000,000</u>	<u>\$9,200,000,000 a/</u>

PROJECT STATEMENT

(On Basis of appropriation)

Item	1991 Actual	1992 Estimated	Increase	1993 Estimated
Reimbursement of losses:				
Appropriation..	\$5,000,000,000	\$7,250,000,000	+\$1,950,000,000	\$9,200,000,000 a/

a/ Proposed to be reimbursed through current, indefinite appropriation.

EXPLANATION OF PROGRAM

USDA Goals and Objectives

The USDA goal is to promote economic stability in the farm sector so that farmers and ranchers can earn a fair rate of return in the market place; and thereby assure supplies of agricultural products which are adequate to meet domestic and export demand at reasonable prices to consumers.

The primary objective is to achieve this goal through an approach that retains basic management responsibilities of farmers, provides for the maintenance of adequate food reserves, provides prices reasonable to consumers and competitive in world markets, and minimizes Federal interference in the agricultural economy.

Provisions of the Program

The programs of the Commodity Credit Corporation cover a wide range of operations.

- A. The Commodity Credit Corporation is operated by the Agricultural Stabilization and Conservation Service of the Department of Agriculture.
1. Its functions are performed primarily by ASCS employees.
 2. It is a corporate entity operating programs primarily related to the support of farm prices and income, but its budget processes must fit not only its own unique characteristics but also the processes used in formulating and executing the overall U.S. Budget.
 3. Its operations are closely related to and affected by the operations of other programs financed from other funds - such as Section 32 and School Lunch Programs, and commodity donations under Titles II and III of P.L. 480.
 4. Its resources are utilized to carry out a variety of program objectives not strictly related to support operations.

Some of these objectives are the responsibility of agencies other than the Agricultural Stabilization and Conservation Service.

- B. CCC operations are unique in many ways.

1. The primary aim of CCC is to assist in stabilizing, supporting, and protecting farm income and prices and to help maintain balanced and adequate supplies of agricultural commodities.
2. CCC operates under a large number of statutory directives and limitations and has broad charter powers, authorizing it to carry out almost any operation required to meet these objectives, including:

a. Buying	d. Donating	g. Transporting
b. Selling	e. Lending	h. Making payments
c. Bartering	f. Storing	i. Other activities
3. The major activity is support of prices as required or authorized by existing law.
 - a. Under existing law, support of farm prices is accomplished through nonrecourse loans (regular and reserve), payments (in cash, commodity certificate and in-kind), and purchases from farmers or processors.

- b. Under existing law, CCC is required to support the price of corn, cotton, wheat, rice, peanuts, tobacco, dairy products, honey, barley, oats, rye, grain sorghum, sugar, oilseeds and soybeans at levels provided for by law. CCC has to make an offer, open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Eligibility requirements include grade, moisture content, adequacy of storage and compliance with acreage set-aside or acreage reduction provisions, if in effect. Income support in the form of direct payments is also required by law to be available to wool and mohair producers, as well as to feed grain, wheat, cotton and rice growers.
- c. In addition, CCC may support the prices of other commodities at the discretion of the Secretary.
- 4. CCC has no control over the volume of business it must handle. The relationship of the market price for each commodity to the support price largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. This in turn is determined by weather conditions, insect damage, use of fertilizers, and all other factors influencing production, and by already existing supplies, domestic and export demand, and other factors affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods in the volume of CCC support operations.
- 5. CCC also carries out storage facilities activities through contracts with warehousemen, commodity export programs, and other activities. Support operations and resultant inventory management account for the bulk of the total workload.
- 6. The Dire Emergency Supplemental Appropriations Act of 1992 (P.L. 102-229) was enacted on December 12, 1991 to, among other things, provide funds to help alleviate the effects of recent natural disasters.

\$1,750,000,000 was made available for 1990 through 1992 crop losses. Of this amount, \$995,000,000 was made available for payment to producers for 1990 or 1991 crop losses, at the producer's option. An additional \$755,000,000 for 1990, 1991, or 1992 crop losses, at the producer's option, would be available if and only to the extent that the President declares such funds to be an "emergency requirement" under the Budget Enforcement Act and submits a budget request. If the additional \$755,000,000 is requested, \$100,000,000 must be made available for 1991 crop losses.

The crop disaster program will result in the expenditure of \$995 million in fiscal year 1992 for 1990 and 1991 losses of program and non-program crops. Producers with losses may request payment for only one of the two crop years from the \$995 million appropriation. Should claims exceed the amount available, each claim will be satisfied by a pro rata payment.

- 7. The Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (P.L. 102-237) was enacted on December 13, 1991, to make technical corrections to the FACT Act and other existing legislation. The effect of the commodity provisions of this act is to permit greater planting flexibility and encourage planting of alternative crops on base acreage.

Double Cropping on 0/92 Acres. Soybeans may be planted as a second crop on 0/92 acreage if the farm has a history of planting soybeans. The producer forgoes eligibility for loans on the second crop.

Combined Corn and Sorghum Bases. Corn and sorghum bases are combined, giving producers more flexibility to respond to market signals. It is expected that no additional outlays will result from this provision.

Wheat, Barley, and Oats Deficiency Payments. For the 1994 and 1995 crops, wheat, barley, and oats deficiency payments will be based on the national weighted average price for the first 5 months of the marketing year plus 10 cents per bushel with respect to wheat or 7 cents per bushel with respect to barley and oats.

Sugar. Sugar assessments will be levied on the amount of sugar marketed rather than the quantity processed.

Other provisions include:

- o Planting of minor use, experimental, and industrial use crops may be permitted on conserving use acres.
 - o A preliminary announcement of the ARP for rice must be made by December 1 of the calendar year preceding the year in which the crop will be harvested, and the final announcement must be made by January 31, of the the calendar year in which the crop will be harvested.
 - o Additional requirements must be met before cotton user marketing payments may be issued and authority is added to make payments in cash instead of certificates.
8. There are several characteristics of CCC operations which are important in analyzing its budget characteristics and processes.
- a. CCC deals with millions of producers and utilizes the services of thousands of banks, processors, carriers, exporters, handlers, warehousemen, and others.
 - b. CCC operations involve the handling of millions of documents and transactions during a 12-month period.
 - c. CCC workload cannot be deferred. Commodities must be moved, producer payments must be made, warehouse and freight charges must be paid, claims must be settled, and loans must be made and liquidated.
 - d. The manner in which CCC inventories of individual commodities are handled and merchandised is of key importance to both domestic and foreign markets.
 - e. Operating policies directly affect the day-to-day business operations of the many thousands of warehouses, elevators, handlers, processors, banks, exporters, importers, carriers, cooperatives, and others with which business dealings are conducted.
 - f. Trade customs and practices with respect to individual commodities must be observed in operations.
 - g. To support prices, CCC generally makes nonrecourse loans to producers which bear no interest if the borrower does not repay them, and which are fully settled by delivery of the commodity to CCC at maturity of the loans.
 - h. CCC operations are big:
 - (1) The Corporation has an authorized capital stock of \$100 million held by the United States and authority to have outstanding borrowings of up to \$30 billion at any one time. Its capital structure is replenished each year by appropriations, usually to restore realized losses on support operations, and to reimburse costs of other programs.

- (2) Its commodity loans and purchases in fiscal year 1991 amounted to \$8.3 billion. Of total purchases, \$0.4 billion was for commodity certificates transferred from the loan account. These certificate purchases represent a required accounting transaction to show the effect on inventory of certificates used to redeem outstanding commodity loans. The associated reduction in outstanding loans is recorded as a loan repayment receipt, which fully offsets the inventory purchase expenditure. Therefore, no net expenditures result from this required certificate accounting treatment. Sales proceeds totaled \$1.4 billion of which \$0.8 billion was for commodity certificates.

Certificate sales proceeds reflect the certificate issuance value, and like certificate purchases, represent a required accounting transaction to show the effect on inventory of certificate redemptions. The Corporation had outstanding loans on commodities of \$1.9 billion and owned commodities with a cost value of \$2.8 billion on September 30, 1991.

i. Export Credit Guarantees

Under the short-term Export Credit Guarantee Program (GSM-102), CCC guarantees for up to 3 years payments due U.S. exporters, or their assignees (U.S. financial institutions), from defaults in payments by foreign banks on export credit sales due to commercial, as well as, noncommercial risks. In fiscal year 1986, an intermediate export credit guarantee program was established under which CCC guarantees payments on export credit with repayment terms up to 10 years (GSM-103). To date, no guarantees have been authorized for periods of more than 7 years.

Total commitments in fiscal year 1991 were \$4.39 billion for the GSM-102 program and \$114.7 million for the GSM-103 program. As required by the Food, Agriculture, Conservation, and Trade Act of 1990, the program level for fiscal year 1992 is established at \$5 billion for the short-term export credit guarantee program (GSM-102) and \$500 million for the intermediate export credit guarantee program (GSM-103).

An additional \$1 billion of credit guarantees is required for emerging democracies for the period fiscal year 1991 through fiscal year 1995. The budget assumes \$200 million of guarantees will be made available in fiscal year 1992 and fiscal year 1993 for this purpose.

The 1993 budget is the second budget that reflects credit reform procedures for federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, such as claims and administrative expenses, rather than claim disbursements and repayments. The appropriation language will also specify the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of CCC's estimated net cashflows over the lifetime of the loan, whereas outlays represent the portion of the subsidy related to the claim amount disbursed within the year. Budget authority and outlays for the

subsidies are presented in the Budget in "loan program accounts." All claim disbursement and repayment activity related to loans made in fiscal year 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for existing (pre-fiscal year 1992) portfolios of guarantees and claims are reflected in the budget in "liquidating accounts" and are calculated as before, to represent disbursements and borrower repayments.

j. Direct Export Credit

Under the short-term export credit sales program (GSM-5), CCC may provide direct financing on terms not to exceed three years for the commercial sales of agricultural commodities from private stocks. There has been no new direct credit program since fiscal year 1985.

k. Net Expenditures

Commodity Credit Corporation net expenditures for fiscal year 1993, in the current law baseline, are estimated at \$11.7 billion, down \$0.3 billion from a level of \$12.0 billion in fiscal year 1992.

The net decrease in projected fiscal year 1993 expenditures from the estimated fiscal year 1992 levels is largely due to the fact that disaster payments (expected to be approximately \$1.0 billion in fiscal year 1992) are estimated at zero in fiscal year 1993 and that 1993 interest expenditures are projected to decrease by approximately \$0.3 billion from 1992 levels. Partially offsetting the decrease is an estimated \$1.0 billion increase in commodity program expenditures which is mostly due to increasing feed grain stocks. As part of a governmentwide effort to distribute federal resources more fairly, legislation will be proposed to exclude from CCC price support and related programs individuals with gross adjusted incomes from off-farm sources exceeding \$100,000 per annum, reducing CCC outlays \$5 million in fiscal year 1992 and \$65 million in fiscal year 1993. The following table shows CCC net expenditures by commodity and program for fiscal years 1991 through 1993.

COMMODITY CREDIT CORPORATION

FISCAL YEAR 1993 PRESIDENT'S BUDGET

FY 1991 ACTUAL, FY 1992 AND FY 1993 ESTIMATED EXPENDITURES

(thousands of dollars)

Item	FY 1991 ACTUAL	FY 1992 ESTIMATED	FY 1993 ESTIMATED
Corn.....	2,386,744	2,635,145	3,620,371
Grain Sorghum.....	242,536	222,109	299,596
Barley.....	70,918	184,449	134,858
Oats.....	12,540	39,527	28,075
Corn Products.....	8,255	9,217	2,937
Sorghum Products.....	-77	---	---
Oat Products.....	752	1,166	1,267
Feed Grains and Products.....	(2,721,668)	(3,091,613)	(4,087,104)
Wheat and Products.....	2,958,192	2,210,689	2,328,933
Rice.....	866,789	571,190	719,823
Upland Cotton.....	382,180	1,280,735	701,996
Tobacco.....	-143,449	-86,293	19,641
Honey.....	18,590	10,750	5,701
Dairy.....	838,887	330,273	340,591
Soybeans.....	40,174	-108,715	41,873
Sugar.....	-19,842	-25,902	-27,391
Peanuts.....	48,286	-15,928	-5,865
Export Guarantee Program.....	686,312	899,388	159,935
Export Guarantee-Credit Reform.....	---	124,419	157,873
Short-Term & Intermediate Export Credit.....	-9,529	-1,988	-2,661
Market Promotion Program.....	48,429	200,000	200,000
Export Enhancement Program.....	-193	403,000	1,200,000
Storage Facility.....	-3,007	-4,616	---
Interest.....	745,219	590,417	300,414
CCC Operating Expenses.....	633,133	12,241	10,753
Change in Working Capital.....	-199,651	1,000,000	1,000,000
Livestock Assistance (Cash).....	102,155	25,130	---
Forage and Tree Assistance Programs.....			
(1988 and 1989 Disaster).....	13,335	8,043	---
Crop Disaster Assistance.....	5,895	996,400	---
All Other.....	204,280	277,537	287,156
Subtotal, Support and Related.....	9,937,853	11,788,383	11,525,876
Wool.....	172,240	177,674	184,516
TOTAL Net Expenditures, CCC.....	10,110,093	11,966,057	11,710,392
Farm program legislation.....	---	-5,000	-65,000
Adjusted TOTAL Net Expenditures, CCC....	10,110,093	11,961,057	11,645,392

Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

Deficiency, Diversion and Disaster Payments

In fiscal year 1991, direct payments to producers totaled \$6,259.1 million, an increase of \$517 million from payments issued in fiscal year 1990. Deficiency and diversion payments were made in a combination of cash and CCC commodity certificates in fiscal years 1986 through 1990, as authorized by the Food Security Act of 1985. In fiscal year 1991, 1990 and 1991 crop payments were issued in cash and estimated deficiency payments for fiscal year 1992 and 1993 are in cash also. Fiscal year 1991 includes residual certificate activity for pre-1990 crop years.

The following table shows CCC deficiency, diversion and disaster payments made in cash and certificates for fiscal years 1991 through 1993.

COMMUNITY CREDIT CORPORATION

Deficiency, Diversion and Disaster Payments Made in Cash and Certificates

Fiscal Years 1991-1993

(thousands of dollars)

	FY 1991 Actual			FY 1992 Estimate			FY 1993 Estimate		
	Cash	Certificates	Total	Cash	Certificates	Total	Cash	Certificates	Total
Deficiency Payments	\$6,223,529	\$26,327	\$6,249,856	\$6,099,713	\$0	\$6,099,713	\$7,446,485	\$0	\$7,446,485
Diversion Payments	623	2	625	0	0	0	0	0	0
Disaster Payments:									
1986 crop and prior	1	210	211	0	0	0	0	0	0
1988 crop year	-3,638	0	-3,638	0	0	0	0	0	0
1989 crop year	191	2,561	2,752	1,400	0	1,400	0	0	0
1990 crop year	9,342	0	9,342	0	0	0	0	0	0
1991 crop year	0	0	0	995,000	0	995,000	0	0	0
Total Disaster Payments	5,896	2,771	8,667	996,400	0	996,400	0	0	0
Total	\$6,230,048	\$29,100	\$6,259,148	\$7,096,113	\$0	\$7,096,113	\$7,446,485	\$0	\$7,446,485

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a national network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditional hand prepared forms and documents.

Most farm and producer data are currently maintained on the county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers. This platform is reaching the end of its system life. The agency is in the process of identifying technologies that can be used to extend the system life of this platform until updated technology can be acquired and implemented.

ASCS is in the process of identifying agency needs and technologies required to meet the needs into the early 2000's. This effort has been entitled System Technology and Telecommunications Enhancement Program (STEP). Proposed ADP equipment acquisitions will occur after fiscal year 1993. However, contractor support will be used during fiscal year 1993. Continued expansion and use of personal computers and related productivity tools are reflected in fiscal year 1993. Contractor assistance is being utilized for developing, implementing, and operating the processed commodities inventory system, tobacco automation and conversion and improvements of old mainframe systems.

In carrying out the overall long-range plan described above, CCC capital investments totaling \$30,562,000 in fiscal year 1993 will be required, as detailed below. Equipment will be purchased under the statutory authority of the Commodity Credit Corporation Charter Act to support the ASCS Information Resources Management Plan.

CCC funding for mission essential capacity enhancements for SCOAP equipment is estimated at \$13,054,000. The purchase of personal computers and related productivity tools is estimated at \$4,220,000. Continued efforts for implementing agency standards, creating a data repository and executive level decision support systems are estimated at \$7,000,000. The remaining \$6,288,000 is for the purchase of equipment including software and peripherals needed by ASCS in support of IRM objectives.

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1990 and 1991

Item	Fiscal Year 1990	Increases and Decreases	Fiscal Year 1991
Support and related programs:			
Commodity inventory operations:			
Losses or gain (+) on sales.....	363,304,635	-108,291,159 (1)	255,013,476
Domestic donations.....	429,940,435	-125,177,498 (2)	304,762,937
Export donations.....	245,276,730	-79,961,021 (3)	165,315,709
Storage and handling expense.....	261,425,000	85,424,117 (4)	346,849,117
Transportation expense.....	30,842,016	-9,616,692 (5)	21,225,324
Total commodity inventory operations.....	1,330,788,816	-237,622,253	1,093,166,563
Loans written off.....	11,612,000	1,359,954 (6)	12,971,954
Producer storage payments.....	270,705,033	-194,188,285 (7)	76,516,748
FCIC transfers.....	300,000,000	-150,000,000 (8)	150,000,000
Eradication of animal & plant disease.....	38,256,000	-32,545,785 (9)	5,710,215
Disaster payments (cash):			
Feed grains.....	6,419	-5,806	613
Wheat.....	7,732	-7,732	0
Rice.....	0	0	0
Upland cotton.....	17,570	-17,570	0
Total disaster payments (cash).....	31,721	-31,108 (10)	613
Deficiency payments (cash):			
Corn.....	931,749,748	1,637,180,998	2,568,930,746
Grain sorghum.....	122,117,173	96,805,599	218,922,772
Barley.....	28,619,972	132,222,121	160,842,093
Oats.....	11,317,497	16,619,098	30,136,595
Wheat.....	2,397,523,152	-95,723,922	2,301,799,230
Rice.....	565,692,362	-62,370,694	503,321,668
Upland cotton.....	577,679,408	-124,308,309	453,371,099
Extra long staple cotton.....	6,249	126,082	132,331
Total deficiency payments (cash).....	4,634,705,561	1,602,750,973 (11)	6,237,456,534
Diversion payments (cash):			
Corn.....	-691,926	1,309,997	618,071
Grain sorghum.....	-71,602	70,817	-785
Barley.....	-9,450	-9,575	-19,025
Oats.....	1,911	3,070	4,981
Wheat.....	21,609	-11,488	10,121
Rice.....	-43,828	43,844	16
Upland cotton.....	-2,232	7,268	5,036
Dairy.....	17,042	-12,017	5,025
Total diversion payments (cash).....	-778,476	1,401,916 (12)	623,440
Loan Deficiency Payments (cash):			
Rice.....	12,233,063	-6,064,682 (13)	6,168,381
Upland cotton.....	913,952	-913,952 (14)	0
Honey.....	0	5,544,000 (15)	5,544,000
Minor Oilseeds:			
Flaxseed.....	0	6,634,000	6,634,000
Sunflower seed.....	0	31,747,000	31,747,000
Canola seed.....	0	1,366,000	1,366,000
Rapeseed.....	0	271,000	271,000
Total minor oilseeds.....	0	40,018,000 (16)	40,018,000
Total loan deficiency pymts (cash).....	13,147,015	38,583,366	51,730,381
Rice inventory payments (cash).....	0	34,044 (17)	34,044
Rice marketing payments.....	1,866	-1,806 (18)	60
Dairy termination program.....	188,804,581	-92,683,032 (19)	96,121,549
Livestock emergency assistance.....	148,448,386	-105,434,530 (20)	43,013,856
Cost/share burning pear program.....	624,606	-459,726 (21)	164,880
Forage assistance program.....	-287,113	322,533 (22)	35,420

JUSTIFICATION OF INCREASES AND DECREASES CONTINUATION
Realized Losses, Fiscal Years 1990 and 1991

Item	Fiscal Year 1990	Increases and Decreases	Fiscal Year 1991
Tree assistance program.....	2,854,380	16,946,790 (23)	19,801,170
Emerging democracies tech assist.....	0	227,500 (24)	227,500
Market Promotion Prog. (cash).....	0	48,429,199 (25)	48,429,199
Cost share assistance (cash).....	0	94,050 (26)	94,050
88 Crop disaster payments (cash).....	-13,278,223	9,639,841 (27)	-3,638,382
89 Crop disaster payments.....	17,807,616	-17,616,880 (26)	190,738
90 Crop disaster payments.....	0	9,342,046 (29)	9,342,046
TOTAL CASH PAYMENTS (10-31 Above).....	4,992,081,922	1,511,545,176	6,503,627,098
Deficiency payments (certificates):			
Corn.....	1,509,050	-1,445,771	63,279
Grain sorghum.....	-4,336,308	4,372,726	38,416
Barley.....	-503,980	564,617	60,637
Oats.....	17,138	-10,781	6,357
Wheat.....	-1,376,488	27,435,825	28,059,339
Rice.....	-2,225,488	2,326,947	101,459
Upland cotton.....	-612,862	612,862	0
Total deficiency payments (certificates).....	-7,528,936	33,856,425 (30)	26,327,489
Diversion payments (certificates):			
Corn.....	1,135,767	-1,035,745	100,042
Grain sorghum.....	333,863	-310,833	23,030
Barley.....	17,398	-143,041	-125,643
Oats.....	-9,399	14,373	4,974
Wheat.....	-900,854	300,854	0
Total diversion payments (certificates).....	1,176,795	-1,174,392 (31)	2,403
Upland cotton loan def. cert.....	-56,651	56,651 (32)	0
Upland cotton inv. protection cert.....	244,027	-244,027 (33)	0
Upland cotton first handler cert.....	34,348	196,230 (34)	230,576
Rice marketing certificates.....	23,763	-23,763 (35)	0
Ethanol plants assistance program.....	-6,715	16,715 (36)	10,000
Emergency feed certif. program.....	-87,751	87,751 (37)	0
Export Enhancement Program certificates.....	233,639,975	443,379,791 (38)	677,019,766
Market Promotion Program certificates.....	155,084,354	-89,317,922 (39)	65,766,432
Distress commodity payments.....	-31,446	31,603 (40)	157
Conservation Reserve Program cert.....	-3,506,510	3,506,510 (41)	0
89 Crop disaster assist. cert.....	455,993,664	-453,432,401 (42)	2,561,263
86 Crop disaster assist. cert.....	-413,540	623,977 (43)	210,437
Dairy export incentive cert.....	0	6,238,308 (44)	8,238,308
TOTAL CERTIFICATE PAYMENTS, NET (32-46 above).....	834,565,377	-54,198,544	780,366,833
TOTAL, ABOVE CASH/CERTIFICATE PAYMENTS (10-46 above).....	5,826,647,299	1,457,346,632	7,283,993,931
Export Enhance. Prog. (non-cert).....	6,229,439	-6,081,062 (45)	148,377
Emergency feed assistance program.....	-597,516	1,877,163 (46)	1,279,647
Conservation Reserve Program (non-cert):			
Cost-share assistance payments.....	-217,971	217,971	0
Technical assistance payments.....	0	0	0
Annual rental (cash).....	-54,791	54,791	0
Liquidated damages.....	-1,838,973	1,045,019	-793,954
Total Conservation Reserve Program.....	-2,111,735	1,317,761 (47)	-793,954

JUSTIFICATION OF INCREASES AND DECREASES CONTINUATION
Realized Losses, Fiscal Years 1990 and 1991

Item	Fiscal Year 1990	Increases and Decreases	Fiscal Year 1991
Payment-in-Kind entitlements.....	-1,841,453	1,857,066 (48)	15,613
Marketing loan write-offs:			
Upland cotton.....	-650,150	1,264,076	613,926
Rice.....	111,729,171	44,602,133	156,331,304
Honey.....	32,715,387	-16,854,193	15,861,194
Flaxseed.....	0	1,914	1,914
Total marketing loan write-offs.....	143,794,408	29,013,930 (49)	172,808,338
Milk marketing fee collection programs:			
Milk marketing fees (PL 97-253).....	-2,079	-45,984	-48,063
Milk marketing fees (PL 98-180).....	-7,090	6,821	-269
Milk marketing fees (PL 99-198).....	-131,601	118,601	-13,000
Milk marketing fees (PL 100-203).....	-1,418	1,418	0
Milk marketing fees (PL 100-202).....	-7,553,502	7,550,515	-2,987
Milk marketing fees (PL 101-624).....	0	-44,382,016	-44,382,016
Total milk marketing fees.....	-7,695,690	-36,750,845 (50)	-44,446,335
Assessments:			
Honey.....	0	-602,509	-602,509
Sugar.....	0	-746,452	-746,452
Peanuts.....	0	-2,515,873	-2,515,873
Tobacco.....	0	-10,157,825	-10,157,825
Total assessments.....	0	-14,022,659 (51)	-14,022,659
Loan Origination fees:			
Soybeans.....	0	-185,412 (52)	-185,412
Minor Oilseeds:			
Flaxseed.....	0	-219,645	-219,645
Sunflower seed.....	0	-46,180	-46,180
Canola seed.....	0	-51,191	-51,191
Rapeseed.....	0	-2,492	-2,492
Mustard seed.....	0	-649	-649
Total minor oilseeds.....	0	-320,157 (53)	-320,157
Total loan origination fees.....	0	-505,569	-505,569
Export credit sls pgm charged off.....	0	528,120,736	528,120,736
Export credit guarantee charged off.....	0	799,961,124	799,961,124
Total Polish debt charged off.....	0	1,328,081,860 (54)	1,328,081,860
Tobacco budget deficit assessment.....	-3,708,463	3,439,874 (55)	-268,789
Ocean transportation for section			
416 export donations.....	50,587,514	-195,088 (56)	50,392,426
Other program expense (net).....	-24,424,860	15,423,852	-9,001,008
Interest (net).....	397,613,147	-132,852,062 (57)	264,761,085
Operating expenses (net).....	626,990,076	49,302,602 (58)	676,292,678
Total gross realized losses.....	8,962,844,015	2,084,257,106	11,047,101,121
Offsetting income from FY 1988			
"Operating Expenses" advance approp.....	-24,052,017	24,052,017	0
Net realized losses.....	8,938,791,998	2,108,309,123	11,047,101,121

Minus (-) indicates gain or adjustment to prior year.

The above analysis of realized losses covers the difference between the actual 1990 and 1991 losses of the Corporation. The fiscal year 1991 appropriations act (P.L. 101-506) provided \$5,000,000,000 to restore the unreimbursed balance of fiscal year 1989 losses of \$3,961,053,000 and \$1,038,947,000 of fiscal year 1990 losses. The fiscal year 1992 appropriations act (P.L. 102-142) provided \$7,250,000,000 to partially restore the unreimbursed balance of fiscal year 1990 losses of \$7,899,845,000.

The Budget proposes a current, indefinite appropriation to reimburse the Corporation for net realized losses in fiscal year 1992. This appropriation, authority for which has already been enacted by Congress in the Omnibus Budget Reconciliation Act of 1987, would give CCC the flexibility to request funds as needed from Treasury to avoid any operating disruptions due to a lack of sufficient funds.

Explanations of increases and decreases in realized losses from fiscal year 1990 to fiscal year 1991 follow:

- (1) A decrease of \$108,291,159 in losses on sales (\$363,304,635 in 1990).
This decrease is attributed mainly to the substantial decline in the volume of commodity certificate issuances and the related certificate sales. The largest loss decrease was for feed grains, which declined by 41 percent to \$124 million. Certificates are issued at the current market price for a particular commodity. Certificate holders can exchange certificates for CCC-owned commodities based on the market price at the time of redemption or redeem an outstanding CCC loan and receive a commodity quantity also based on the market price at the time of redemption. A loss is realized because the CCC book value, which includes redeemed loans valued at the loan rate, generally exceeds the value of the certificates as issued. In fiscal year 1991, CCC-owned commodities valued at \$939 million were redeemed with certificates valued at \$756 million. The \$183 million difference represents the loss on certificates. The remaining loss on sales in fiscal year 1991, \$72 million, includes losses on the sale from CCC inventory of dairy products, sorghum, corn, and wheat. Gains on the sale of rice and soybeans partially offset these losses.
- (2) A decrease of \$125,177,498 in domestic donations (\$429,940,435 in 1990).
This decrease primarily reflects decreased donations of dairy products, honey, peanut products, and wheat flour under Section 416 for the School Lunch and Special Donations to Needy Families Programs due to lower CCC inventory availability. An increase in donations of vegetable oil and other wheat products partially offset the decrease.
- (3) A decrease of \$79,961,021 in export donations (\$245,276,730 in 1990).
This decrease primarily reflects decreased donations of grain sorghum and dairy products under Section 416(b) of the Agricultural Act of 1949 due to lower CCC inventory availability. Donations of soybean products under the Food for Progress authority slightly offsets the decrease.
- (4) An increase of \$85,424,117 in storage and handling expense (\$261,425,000 in 1990). Accounting adjustments in fiscal year 1991, which resulted in an increase in expenses of \$147,668,064 for the commercial storage and handling of wheat, accounts for most of the total increase. The increase was partially offset by a decrease of \$68,278,534 for feed grains.
- (5) A decrease of \$9,616,692 in transportation expense (\$30,842,016 in 1990).
This decrease reflects lower transportation expenses for feed grains and wheat partially offset by an increase in transportation expenses for dairy products.
- (6) An increase of \$1,359,954 in loans written off (\$11,612,000 in 1990). Fiscal year 1991 write-offs represent an increase in loan write-offs for peanuts, partially offset by a decrease for tobacco.

- (7) A decrease of \$194,188,285 in producer storage payments (\$270,705,033 in 1990). With an overall decline in the bushels held in the reserve, producer storage payments decreased. Advance storage payments of \$79,215,000, which were made in fiscal year 1990 and recorded as a loss in fiscal year 1991 when earned, partially offset the decrease.
- (8) A decrease of \$150,000,000 in transfers to the Federal Crop Insurance Corporation (FCIC) (\$300,000,000 in 1990). The Food Security Act of 1985 (FSA) amended the Federal Crop Insurance Corporation Act authorizing the Secretary to use CCC funds at any time the moneys available to the Federal Crop Insurance Corporation are insufficient to pay claims of farmers for insured crop losses. The fiscal year 1991 losses reflect \$150,000,000 transferred to FCIC to pay claims in fiscal year 1991.
- (9) A decrease of \$32,545,785 in transfers to APHIS for animal and plant disease eradication (\$38,256,000 in 1990). One transfer was made to APHIS in fiscal year 1991 to fund a portion of the Mediterranean fruitfly emergency program.
- (10) A decrease of \$31,108 in total cash disaster payments (\$31,721 in 1990). Fiscal year 1991 activity primarily reflects the balance of prevented planting disaster payments for 1984 and 1985 program crops which were made during 1991 as the result of a U.S. Court of Appeals decision.
- (11) An increase of \$1,602,750,973 in cash deficiency payments (\$4,634,705,561 in 1990). The \$1.6 billion increase is mainly due to higher final deficiency payment losses for the 1988 through 1990 crops, partially offset by a decrease in 1991 crop deficiency payment losses as compared to 1990 crop losses. By comparison, 1990 crop cash payment losses in fiscal year 1990 totaled \$6,160,100,000, an amount \$569,537,000 higher than 1991 crop cash payment losses. In fiscal year 1991, advance 1991 crop cash deficiency payments of \$2,707,428,986 were made representing 40 percent of total 1991 crop deficiency payments for feed grains, wheat, upland cotton, and rice. An additional \$2,883,134,014 in 1991 crop cash deficiency payments was established as a loss in fiscal year 1991 with payment to be made in fiscal year 1992.
- (12) A net increase of \$1,401,916 in cash diversion payments (-\$778,476 in 1990). The fiscal year 1991 amount reflects payments for corn, oats, barley, wheat, cotton and dairy, offset by negative adjustments for grain sorghum and barley.
- (13) A decrease of \$6,064,682 in rice cash loan deficiency payments (\$12,233,063 in 1990). Authorized by the FSA, this payment was made to producers, who although eligible to obtain crop loans, agreed to forego them in exchange for the payment. The 1989 crop was the first year this authority was used for rice. Fiscal year 1990 was the first year payments were made for a total of \$2,216,139. The 1990 crop cash liability, which was originally recorded as a loss in fiscal year 1990, was overestimated by \$2,831,480, resulting in decreased 1990 crop cash deficiency payment losses. Lower estimated 1991 losses as compared to 1990 crop losses also contributed to the decrease. Payments of \$7,257,786 were made for the 1991 crop. An additional \$1,742,214 in 1991 crop loan deficiency payments was established as a loss in fiscal year 1991 with payments to be made in fiscal year 1992.
- (14) A decrease of \$913,952 in upland cotton loan deficiency payments (\$913,952 in 1990). Authorized by the FSA, this payment is made to upland cotton producers who although eligible to obtain them, forego crop loans in exchange for the payment. No payments were made in fiscal year 1991.
- (15) An increase of \$5,544,000 in honey loan deficiency payments (\$0 in 1990). Authorized by the FACT Act, this payment was made to producers, who although eligible to obtain 1991 crop loans, agreed to forego them in exchange for the payment. The 1991 crop was the first year this authority was used for honey.

Payments of \$3,462,078 were made for the 1991 crop. An additional \$2,081,922 in 1991 payments was established as a loss in fiscal year 1991 with payments to be made in fiscal year 1992.

- (16) An increase of \$40,018,000 in minor oilseed cash loan deficiency payments (\$0 in 1990). The Food, Agriculture, Conservation, and Trade Act of 1990 provides for loan deficiency payments for each of the 1991-1995 crop years to minor oilseed producers who are eligible for price support loans but who agree to forego the loans. The 1991 crop year was the first year of CCC cash loan deficiency payments for minor oilseeds, with \$3,148,694 in cash payments being made in fiscal year 1991. An additional \$36,869,306 in 1991 crop loan deficiency payments was established as a loss with payments to be made in fiscal year 1992.
- (17) An increase of \$34,044 in rice inventory payments (cash) (\$0 in 1990). This one-time payment was to protect rice producers from sudden price decreases as a result of the implementation of the FSA. The majority of these payments were made in fiscal year 1986 with a small amount made in fiscal year 1987. The fiscal year 1991 increase represents additional adjustments.
- (18) A decrease of \$1,806 in rice marketing payments (\$1,866 in 1990). Similar to upland cotton first handler certificates, 1986 crop rice marketing certificates were issued to eligible producers whenever the world price for rice fell below the loan repayment rate. Cash payments were made in lieu of certificate payments for amounts less than \$100. The fiscal year 1991 loss of \$60 represents additional 1986 crop cash payment adjustments.
- (19) A decrease of \$92,683,032 in dairy termination payments (\$188,804,581 in 1990). The decrease reflects producer-selected payment options during the sixth year's operation of the dairy termination program, which was implemented in fiscal year 1986 under the FSA. Dairy termination payments, based on accepted bids submitted by producers, are made to eligible producers who agreed to discontinue milk production for a period of five years. Payments will continue through fiscal year 1992.
- (20) A decrease of \$105,434,530 in livestock emergency assistance (\$148,448,386 in 1990). The decrease reflects 1988 through 1991 program liabilities of \$43,013,856 in fiscal year 1991. Estimated 1991 program liabilities are \$30,000,000 of which \$25,129,674 will be provided in fiscal year 1992. Payments made in fiscal year 1991 for the 1988 through 1991 programs totaled \$101,990,354.
- (21) A decrease of \$459,726 in cost-share burning prickly pear program (\$624,606 in 1990). Authorized by the 1989 Disaster Act this program is designed to provide emergency feed to livestock in Texas by providing cost-share assistance to burn the thorns from the prickly pear cactus to make it suitable for livestock feed. The fiscal year 1991 loss represents 1988/1989 program payments of \$400, 1990 program payments of \$163,036 and 1991 program payments of \$1,444 made in fiscal year 1991.
- (22) A increase of \$322,533 for the Forage Assistance Program (-\$287,113 in 1990). Authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible livestock producers whose established pastures were damaged by drought or related conditions in 1988 and 1989. The 1991 loss represents additional 1988 program payments of \$35,420.
- (23) An increase of \$16,946,790 for the Tree Assistance Program (\$2,854,380 in 1990). Also authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible tree farmers who planted tree seedlings in 1987 or 1988 but lost these seedlings to drought or related conditions in 1988. The Disaster Assistance Act of 1989 extended this program for trees and seedlings lost as a result of freezing or related conditions in 1989. The

increase reflects 1988 and 1989 program liabilities in fiscal year 1991. Payments made in fiscal year 1991 for the 1988 and 1989 programs totaled \$13,300,103. An additional 1989 crop loss of \$8,043,067 was established in fiscal year 1991 for payments to be made in fiscal year 1992.

- (24) An increase of \$227,500 for the emerging democracies technical assistance program (\$0 in 1990). The FACT Act of 1990, as amended authorized this program to provide technical assistance to at least three emerging democracies per year through 1995. The increase reflects 1991 expenses associated with the program.
- (25) An increase of \$48,429,199 in cash payments for the Market Promotion Program (\$0 in 1990). The Market Promotion Program (MPP) replaced the Targeted Export Assistance (TEA) Program in fiscal year 1991. The Food, Agriculture, Conservation, and Trade Act of 1990 authorizes the CCC to establish and carry out the MPP to help develop, maintain, and expand commercial markets for agricultural products through cost-share assistance to eligible trade organizations that implement a foreign market development program. The MPP has a minimum annual program level of \$200 million from fiscal year 1991 through 1995 with either CCC cash funds or commodity certificates being used to fund the program. During fiscal year 1992, the CCC will begin making payments for this program exclusively with CCC cash funds. (also see explanation #39)
- (26) An increase of \$94,050 for the multi-year cost share assistance program (\$0 in 1990). As authorized by the FACT Act of 1990, producers who plant perennial cover that is capable of improving water quality or wildlife habitat may receive payments to help defray the cost of establishing the cover. The increase reflects payments of \$94,050 made in fiscal year 1991.
- (27) An increase of \$9,639,841 in 1988 crop disaster payments made in cash (-\$13,278,223 in 1990). The fiscal year 1991 loss represents an additional negative adjustment of \$3,638,382 for the 1988 crop.
- (28) A decrease of \$17,616,880 in 1989 crop disaster payments (\$17,807,618 in 1990). Eligible producers who suffered crop losses in 1989 due to damaging weather or related conditions in 1988 or 1989 received disaster payments under the Disaster Assistance Act of 1989 (Public Law 101-82). The fiscal year 1991 loss represents cash payments of \$190,738 to producers for the 1989 program. The majority of 1989 crop disaster payments were made in certificates during fiscal year 1990. (also see explanation #42)
- (29) An increase of \$9,342,046 in 1990 crop disaster payments (\$0 in 1990). The increase reflects disaster payments of \$9,342,046 made to producers of any crop Valencia oranges affected by a freeze in 1988 or 1989 and to producers on the Wind River Indian Reservation, Wyoming, who suffered losses due to lack of water as a result of Indian Tribal water rights adjudication.
- (30) An increase of \$33,856,425 in deficiency payments made in commodity certificates (-\$7,528,936 in 1990). The increase mainly reflects \$26,262,809 in 1986 certificates issued to wheat producers in fiscal year 1991, with increases in all the other commodities except corn and oats.
- (31) A decrease of \$1,174,392 in diversion payments made in certificates (\$1,176,795 in 1990). These payments were made for the 1986 through 1988 land diversion programs. No land diversion programs were in effect for the 1989 through 1991 crop years.
- (32) An increase of \$56,651 in upland cotton loan deficiency payments made in certificates (-\$56,651 in 1990). Loan deficiency payments in certificates were issued for the 1986 crop. The 1990 total reflected additional certificates adjustments with no adjustments in 1991. Total certificate payments for the 1986 crop, including adjustments were \$65,241,215.

- (33) A decrease of \$244,027 in upland cotton inventory protection certificates (\$244,027 in 1990). As with rice inventory payments, the FSA required a one-time transition payment to all holders of 1985 and prior crop year upland cotton to protect these privately-held stocks from any sudden price decreases due to the implementation of the FSA. The total value of certificates issued for inventory protection including adjustments is \$620,401,438.
- (34) An increase of \$196,230 in upland cotton first handler certificates (\$34,348 in 1990). This payment, authorized by the FSA, is required to eligible first handlers of cotton if certain CCC programs fail to make upland cotton fully competitive in world markets and the world market price for cotton is less than the loan repayment rate. The fiscal year 1991 loss represents 1986 crop first handler certificate accounting adjustments. Overall payments of \$110,689,739 were made from fiscal years 1986 through 1991.
- (35) A decrease of \$23,763 in rice marketing certificates (\$23,763 in 1990). Similar to the upland cotton first handler certificates, rice marketing certificates must be issued to eligible producers whenever the world price for rice falls below the minimum loan repayment rate. This was done only for the 1986 crop. The fiscal year 1990 payment of \$23,763 represented additional 1986 crop certificate payment adjustments with no adjustments in fiscal year 1991. Total program payments from fiscal year 1986 through 1991 were \$19,067,263.
- (36) An increase of \$16,715 in the ethanol plants assistance program (-\$6,715 in 1990). In order to encourage the use of grain in the production of fuel ethanol, the FSA authorized CCC to make commodities available for sale at no cost or reduced cost to qualifying ethanol producers. Most of these payments, which were issued in certificates, were made during fiscal years 1986 and 1987. No assistance was provided to ethanol plants in fiscal years 1988 through 1991. The amounts for fiscal years 1988 through 1991 represent adjustments for prior year payments. Payments made over fiscal years 1986 through 1991 totaled \$53,651,238.
- (37) An increase of \$87,751 in emergency feed certificates (-\$87,751 in 1990). In accordance with the FSA, as amended, CCC is authorized to make feed available for livestock and poultry in areas where feed grains are normally produced but are unavailable due to natural disaster. No certificates were issued for this program in fiscal year 1991.
- (38) An increase of \$443,379,791 in Export Enhancement Program certificates (\$233,639,975 in 1990). To encourage the development, maintenance, and expansion of U.S. exports, the Secretary is required by the FACT Act to make available to commercial exporters either CCC cash funds or CCC-owned commodities for bonus payments. The fiscal year 1991 loss reflects the value of export certificates issued.
- (39) A decrease of \$89,317,922 in certificate payments for Market Promotion Program (\$155,084,354 in 1990). The Market Promotion Program (MPP) replaced the Targeted Export Assistance (TEA) Program in fiscal year 1991. The Food, Agriculture, Conservation, and Trade Act of 1990 authorizes the CCC to establish and carry out the MPP to help develop, maintain, and expand commercial markets for agricultural products through cost-share assistance to eligible trade organizations that implement a foreign market development program. The MPP has a minimum annual program level of \$200 million from fiscal year 1991 through 1995, with either CCC cash funds or commodity certificates being used to fund the program. (also see explanation #25)
- (40) An increase of \$31,603 in distress commodity certificates (-\$31,446 in 1990). These payments were made in fiscal year 1987 to producers who converted their recourse distress loans to nonrecourse distress loans as part of the settlement process. The fiscal year 1991 amount of \$157 reflects adjustments for these payments.

- (41) An increase of \$3,506,510 in Conservation Reserve Program certificates (-\$3,506,510 in 1990). This increase reflects the net change to zero of accounting adjustments for annual rental payments and corn bonus payments issued in certificates. These adjustments relate to prior years' direct CCC financing of the program.
- (42) A decrease of \$453,432,401 in 1989 crop disaster assistance certificates (\$455,993,664 in 1990). The Disaster Assistance Act of 1989 (Public Law 101-82) authorized crop disaster payments to producers who suffered crop losses due to damaging weather or related conditions in 1988 or 1989. The fiscal year 1991 loss represents additional certificate issuance adjustments for the 1989 crop program.
- (43) An increase of \$623,977 in disaster assistance certificates for 1986 (-\$413,540 in 1990). The Omnibus Reconciliation Act of 1987 and the Farm Disaster Assistance Act of 1987 provided assistance, payable in generic certificates, to producers who experienced 1986 crop losses from natural disasters, or to producers who could not plant their 1987 crop due to a 1986 disaster. The majority of these payments were made in fiscal year 1987. Fiscal year 1991 expenditures reflect additional payment adjustments in connection with 1986 crop disasters.
- (44) An increase of \$8,238,308 in dairy export incentive certificates. (\$0 in 1990). Fiscal year 1991 activity reflects the value of certificate payments made to U.S. exporters to meet prevailing world prices for targeted dairy products and destinations. This program, established in fiscal year 1985, was modified by the Omnibus Trade and Competitiveness Act of 1988 to require payments be made through the issuance of generic certificates.
- (45) A decrease of \$6,081,062 for the Export Enhancement Program (non-certificate). (\$6,229,439 in 1990). Fiscal year 1991 activity reflects the value of CCC-owned wheat issued as bonus payments to U.S. exporters to expand export sales in those markets where unfair foreign trade practices were used. This program, implemented in fiscal year 1985, was modified in fiscal year 1986 whereby bonus payments to exporters may be made in kind or through generic certificates that may be redeemed for CCC-owned commodities.
- (46) An increase of \$1,877,163 in emergency feed assistance program (-\$597,516 in 1990). The fiscal year 1991 loss represents program costs of \$1,279,647 incurred in fiscal year 1991.
- (47) An increase of \$1,317,781 for the Conservation Reserve Program (non-certificate) (-\$2,111,735 in 1990). This increase reflects a \$1,045,019 decrease in liquidated damages collected. Beginning in fiscal year 1988, a separate annual conservation reserve appropriation has been enacted with the funds advanced to CCC. As a result, program costs in fiscal year 1988 and subsequent years have been applied, by law, to the direct Conservation Reserve Program appropriation. In fiscal years 1986 and 1987, use of CCC funds was authorized and all losses were charged to CCC.
- (48) A net increase of \$1,857,006 in Payment-in-Kind (PIK) program costs (-\$1,841,453 in 1990). The increase is due to adjustments to 1983 and 1984 crop PIK activity.
- (49) An increase of \$29,013,930 in marketing loan write-offs (\$143,794,408 in 1990). The increase mainly reflects a decrease in the adjusted world price for rice. Since the marketing loan write-off rate is based on the difference between the original loan rate and a repayment rate which is linked to the adjusted world price, the world price decrease effectively raised the write-off rate for rice. The opposite happened for honey, lowering the write-off

and partially offsetting the increase in rice. There was a slight increase for upland cotton due to adjustments. The FACT Act made minor oilseeds eligible for marketing loan write-offs. Flaxseed is the only oilseed that had write-offs in fiscal year 1991.

- (50) A net increase (larger gain) of \$36,750,645 in milk marketing fees (-\$7,695,690 in 1990). The increase in fiscal year 1991 reflects nine months of operation of the collection program versus one month operation in fiscal year 1990. The Food, Agriculture, Conservation, and Trade Act of 1990 provided for a deduction of 5 cents per hundredweight on all milk marketed during calendar year 1991. Fiscal year 1991 receipts include collections of \$44,382,016 from this new assessment.
- (51) An increase (gain) of \$14,022,659 in assessments (\$0 in 1990). Under the provisions of the Omnibus Budget Reconciliation Act of 1990, certain commodities (malting barley, honey, sugar, peanuts, and tobacco) have assessment programs which require the producer to pay a fee per unit of production in order to share program costs with the Government.
- (52) An increase (gain) of \$185,412 in soybean loan origination fees (\$0 in 1990). The Omnibus Budget Reconciliation Act of 1990 amended the FACT Act of 1990 to place a loan origination fee equal to 2% of the national average loan level on the quantity of soybeans pledged as collateral for a price support loan or the quantity of soybeans on which a loan deficiency payment was made for each of the 1991-95 crop years. Fiscal year 1991 was the first year the CCC collected loan origination fees on soybeans.
- (53) An increase (gain) of \$320,157 in minor oilseed loan origination fees collected (\$0 in 1990). The Omnibus Budget Reconciliation Act of 1990 amended the FACT Act of 1990 to place a loan origination fee equal to 2% of the national average loan level on the quantity of oilseeds pledged as collateral for a price support loan or the quantity of oilseeds on which a loan deficiency payment was made for each of the 1991-95 crop years. Fiscal year 1991 was the first year the CCC collected loan origination fees on minor oilseeds.
- (54) An increase of \$1,328,081,860 in Polish debt charged off in fiscal year 1991 (\$0 in 1990). Section 579 of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1991 provides for the reduction of debt owed the U.S. by Poland. One of the mechanisms used to achieve this is through a debt rescheduling agreement. At a Paris Club Meeting in fiscal year 1991 an agreement was reached to reschedule all of Poland's debt to the CCC. Among other things, the agreement called for foreign loan write-offs of \$528,120,736 for the Export Credit Sales Program and \$799,961,124 for Export Credit Guarantees. Further rescheduling will occur in fiscal year 1994 if Poland makes all of its scheduled repayments in fiscal years 1992 and 1993, resulting in an additional write-off totaling \$710 million. Total outstanding Polish debt at the end of fiscal year 1994, assuming the additional charge off, will be \$1.025 billion.
- (55) A decrease (smaller gain) of \$3,439,674 for tobacco budget deficit assessments collected (-\$3,708,463 in 1990). The fiscal year 1991 amount reflects assessments collected for 1989 crop flue-cured and burley tobaccos required by the Agricultural Reconciliation Act of 1987 in order to reduce CCC outlays. In lieu of a 1.4 percent reduction in the price support level of tobacco, the 1987 Act allowed the Secretary to impose assessments on tobacco producers and purchasers which would achieve an equal reduction.
- (56) A decrease of \$195,088 in ocean transportation expense for Section 416 export donations (\$50,587,514 in 1990). The decrease is mainly due to a decrease in metric tonnage shipped in 1991, particularly in the donation of butter, corn, and grain sorghum.

- (57) A decrease of \$132,852,062 in net interest expense (\$397,613,147 in 1990). A reduced average interest rate paid on borrowings from Treasury (7.10% in 1991 versus 8.00% in 1990) and lower interest rates for both export credits and export guarantees (both 9.10% in 1991 versus 10.00% in 1990) contributed to the overall decrease, which was partially offset by an increase in the amount of Treasury borrowings and a lower commodity loan repayment rate.
- (58) An increase of \$49,302,602 in operating expenses (\$626,990,076 in 1990). Higher miscellaneous operating expenses are primarily responsible for the increase.

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

COMMODITY CREDIT CORPORATION EXPORT LOANS PROGRAM ACCOUNT

- 1 [For the cost, as defined in section 13201 of the Budget Enforcement Act of 1990, including the cost of modifying loans, of guaranteed loans authorized by the Agricultural Trade Act of 1978, as amended, such sums as necessary.]
- 2 [In addition, for] For administrative expenses to carry out CCC's Export
- 3 Guarantee Program, GSM 102 and GSM 103, [\$3,320,000] \$3,883,000, of which not
to exceed \$3,262,000 may be transferred to and merged with the appropriations
for the Salaries and Expenses of the General Sales Manager, and of which not to
exceed \$621,000 may be transferred to and merged with the appropriation for the
Salaries and Expenses of the Agricultural Stabilization and Conservation
Service, to cover the common overhead expenses associated with implementing the
Federal Credit Reform Act of 1990.

The first change eliminates the appropriation language for the subsidy component of the CCC Export Guarantee Programs.

The CCC Export Guarantee programs are exempt from the requirement of advance appropriations of budget authority according to Section 504(c)(2) of The Federal Credit Reform Act of 1990, P.L. 101-508.

The second change represents a grammatical change.

The third change is proposed to provide additional supporting detail on how much administrative expenses will be transferred to the Salaries and Expenses of the Office of the General Sales Manager and the Agricultural Stabilization and Conservation Service.

CCC Loans Program Account

	<u>Guaranteed Loan Levels</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Amount, 1992.....	\$5,700,000,000	\$155,524,000	\$3,320,000
Amount, 1993.....	<u>5,700,000,000</u>	<u>158,460,000</u>	<u>3,883,000</u>
Increase in Amount....	<u>---</u>	<u>+\$2,936,000</u>	<u>+\$563,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of loan levels, subsidies and administrative expenses)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Guaranteed Loan Levels...	\$5,700,000,000	---	\$5,700,000,000
Guaranteed Loan Subsidy..	155,524,000	+\$2,936,000	158,460,000
Administrative Expenses Transferred To:			
OGSM.....	2,731,000	+531,000	3,262,000
ASCS.....	<u>589,000</u>	<u>+32,000</u>	<u>621,000</u>
Total, Admin. Expenses	<u>\$3,320,000</u>	<u>+\$563,000</u>	<u>\$3,883,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase</u>	<u>1993 Estimated</u>
Guaranteed Loan Levels.....	\$5,700,000,000	\$5,700,000,000	---	\$5,700,000,000 ^{a/}
Guaranteed Loan Subsidy.....	---	155,524,000	(1) +\$2,936,000	158,460,000 ^{a/}
Administrative Expenses Transferred To:				
OGSM.....	---	2,731,000	+531,000	3,262,000
ASCS.....	---	589,000	+32,000	621,000
Total, Appropriated, Admin. Expenses	---	\$3,320,000	(2) +\$563,000	\$3,883,000

a/ Permanent Indefinite authority: These amounts are mandatory under the FACT Act of 1990 and therefore are excluded from the requirement for advance appropriations. For this reason, both loan levels and subsidy have been excluded from appropriations language.

JUSTIFICATION OF INCREASE

- (1) An increase of \$2,936,000 in the program account subsidy estimate of need (\$155,524,000 available in 1992).

Need for Change. Prior to fiscal year 1992, guaranteed loans were accounted for on a cash basis. Under Credit Reform, which was authorized by The Budget Enforcement Act of 1990 (Title XIII of the Omnibus Budget Reconciliation Act of 1990), all subsidy costs arising from GSM-102 and GSM-103 commitments made in fiscal year 1992 and beyond will be recorded in a separate guarantee loan program account. In addition, subsidy rates will be recalculated annually to reflect updated Treasury interest rates and assumptions regarding defaults and repayments. The subsidy reflects an estimate of the net present value of cash flows over the life of the loan. Annual costs to operate and manage the loan programs are also included in this appropriation account. This change for 1993 reflects not only a recalculation of assumptions but also a new procedure used to estimate subsidies based on a standard methodology applicable to all international lending programs.

Nature of Change. This new methodology and recalculation result in an increase of \$2,936,000 for the subsidy portion of the Export Guarantee Loans program.

- (2) An increase of \$563,000 for administrative expenses (\$3,320,000 in 1992). Administrative funds are transferred to OGSM and ASCS for making and servicing of export credits and are justified in those receiving accounts.

RECONCILIATION TO BUDGET AUTHORITY

The analysis on the preceding pages of realized losses covers the differences between the actual 1990 and 1991 losses of the Corporation. The 1990 losses have been partially reimbursed. Regardless of whether appropriations made to CCC are to restore losses or are for other purposes, the Corporation must record losses in its books for numerous required purposes, including the computation of capital impairment.

The following table reconciles budget authority with appropriations:

	(thousands of dollars)	
	<u>1992</u>	<u>1993</u>
Appropriation (for realized losses)...	\$7,250,000	\$9,200,000 <u>a/</u>
Appropriation (for disaster payments).	995,000	---
Liquidation of Contract Authority.....	-587,248	---
Transfers from Other Accounts.....	+2,756,817	---
Portion applied to CCC debt reduction.	<u>-10,414,569</u>	<u>-9,200,000</u>
Adjusted Appropriation.....	---	---
Adjustments.....		
Authority to borrow.....	+11,101,343	+10,788,639
CCC Export Guarantee Liquidating		
Account appropriation.....	+899,388	+159,935
CCC Export Loans Program Account....	+155,524	+158,460
National Wool Act appropriation.....	<u>+172,240</u>	<u>+177,674</u>
Budget Authority (net).....	<u>\$12,328,495</u>	<u>\$11,284,708</u>

a/ Proposed to be reimbursed through current, indefinite appropriation as authorized by the Omnibus Budget Reconciliation Act of 1987.

The following tables reflect actual and estimated losses by commodity and program for fiscal years 1990 through 1993.

Fiscal Year 1990 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^{a/}
Program Costs:							
Gain(-) or loss on sales	363.3	220.3	-1.6	31.7	5.8	110.5	-3.4
Domestic donations	429.9	13.8	36.9	2.0	—	299.6	77.6
Export donations	245.3	195.8	3.4	1.6	—	36.3	8.2
Storage and handling	261.4	192.9	48.2	1.7	4.2	16.5	-2.1
Transportation	30.8	14.8	2.6	—	—	13.4	—
Loans written off	11.6	0.3	—	—	—	—	11.3
Producer storage payments	270.7	209.2	61.5	—	—	—	—
Cash deficiency payments	4,634.7	1,093.8	2,397.5	565.7	577.7	—	—
Cash diversion payments	-0.8	-0.8	—	—	—	—	—
Deficiency certificate payments	-7.5	-3.3	-1.4	-2.2	-0.6	—	—
Cash loan deficiency payments	13.1	—	—	12.2	0.9	—	—
Diversification certificate payments	1.2	1.5	-0.3	—	—	—	—
Dairy termination program	188.8	—	—	—	—	188.8	—
Livestock Assistance	149.1	—	—	—	—	—	149.1
Cash Crop Disaster Payments	4.5	—	—	—	—	—	4.5
Crop Disaster Certificates	455.6	—	—	—	—	—	455.6
Other certificates ^{b/}	385.3	—	—	—	0.2	—	385.1
Marketing loan write-offs	143.8	—	—	111.7	-0.7	—	32.8
FCIC crop indemnity payments	300.0	—	—	—	—	—	300.0
Other ^{c/}	57.4	-11.2	-0.2	0.1	0.4	0.7	67.6
Total program costs	7,938.2	1,927.1	2,546.6	724.5	587.9	665.8	1,486.3
Nonprogram costs:							
Interest (net):							
Support and related	487.0						
Export credit sales	35.2						
Short-term and intermediate export guarantees	-124.8						
Operating expenses	627.0						
Total nonprogram costs	1,024.6						
Total realized losses, gross	8,962.8						
Offsetting income from FY 1988 advance appropriation	-24.0						
Total, net realized losses	8,938.8						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, administrative equipment, export guarantee program fees, the conservation reserve program, ocean transportation for export donations, export enhancement, disaster payments, livestock assistance, FCIC crop indemnity payments and targeted export assistance.

b/ Other certificates include export enhancement and targeted export assistance programs, loan deficiency, inventory protection, cotton first handler, rice marketing, ethanol plant assistance, conservation reserve program, and emergency feed.

c/ Includes \$88.8 million in losses for ocean transportation for export donations, and transfers to APHIS for eradication of animal and plant diseases. Offsetting gains for milk marketing fees, the tobacco budget deficit assessment and other programs net to the \$57.4 million shown.

Fiscal Year 1991 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
<u>Program Costs:</u>							
Gain(-) or loss on sales	255.0	135.9	82.2	10.7	-3.9	32.1	-2.0
Domestic donations	304.8	10.7	31.9	2.8	—	224.7	34.7
Export donations	165.3	146.8	2.6	—	—	—	15.9
Storage and handling	346.8	125.0	196.0	0.2	1.0	22.5	2.1
Transportation	21.2	1.0	0.3	—	—	19.9	0.0
Loans written off	13.0	—	—	—	—	—	13.0
Producer storage payments	76.5	62.6	13.9	—	—	—	—
Cash deficiency payments	6,237.5	2,978.8	2,301.8	503.3	453.4	—	0.2
Cash diversion payments	0.6	0.6	—	—	—	—	—
Cash loan deficiency payments	51.7	—	—	6.2	—	—	45.5
Deficiency certificate payments	26.3	0.2	26.0	0.1	—	—	-0.0
Dairy termination program	96.1	—	—	—	—	96.1	—
FCIC Crop Indemnity Payments	150.0	—	—	—	—	—	150.0
Livestock Assistance	43.2	—	—	—	—	—	43.2
Cash Crop Disaster Payments	5.9	—	—	—	—	—	5.9
Crop Disaster Certificates	2.8	—	—	—	—	—	2.8
Market Promotion Program cash payments	48.4	—	—	—	—	—	48.4
Marketing assessments and loan origination fees	-59.0	—	—	—	—	-44.4	-14.6
Other certificates b/	751.3	—	—	—	0.2	8.2	742.9
Marketing loan write-offs	172.8	—	—	156.3	0.6	—	15.9
Foreign loans charged off	1,328.1	—	—	—	—	—	1,328.1
Other c/	67.7	-0.2	-1.2	-0.5	-0.5	-0.1	70.2
Total program costs	10,106.0	3,461.4	2,653.5	679.1	450.8	359.0	2,502.2
<u>Nonprogram costs:</u>							
Interest (net):							
Support and related	235.2						
Short-term and intermediate export credit sales	67.6						
Export guarantees	-38.0						
Operating expenses	676.3						
Total nonprogram costs	941.1						
Total, net realized losses	11,047.1						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, honey, sugar, sunflower seed, flaxseed, canola, rapeseed, mustard seed, administrative equipment, ocean transportation for export donations, export enhancement, and market promotion.

b/ Other certificates include export enhancement, market promotion program, cotton first handler, ethanol plant assistance, and dairy export incentive program.

c/ Other costs includes ocean transportation for export donations, APHIS eradication of animal and plant disease, administrative equipment, tobacco budget deficit assessment and other programs.

Fiscal Year 1992 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS a/
<u>Program Costs:</u>							
Gain(-) or loss on sales	129.2	103.8	-45.0	6.9	—	73.7	-10.2
Domestic donations	313.5	10.5	60.5	2.7	—	213.8	26.0
Export donations	331.8	110.9	2.7	1.5	—	184.7	32.0
Storage and handling	153.8	70.8	56.3	0.2	—	25.8	0.7
Transportation	34.5	8.7	3.0	—	—	22.8	—
Loans written off	49.1	—	—	—	—	—	49.1
Cash deficiency payments	7,539.4	4,211.0	2,031.0	563.4	732.0	—	2.0
Cash loan deficiency payments	190.8	—	—	43.8	110.0	—	37.0
Dairy termination program	12.7	—	—	—	—	12.7	—
Producer Storage Payments	29.4	2.8	26.6	—	—	—	—
FCIC crop indemnity payments	180.0	—	—	—	—	—	180.0
Export Enhancement Program certificates	797.0	—	—	—	—	—	797.0
Export Enhancement Program cash payments	403.0	—	—	—	—	—	403.0
Market Promotion Program cash payments	200.0	—	—	—	—	—	200.0
Marketing loan write-offs	225.0	—	—	86.8	128.9	—	9.3
Marketing assessments and loan origination fees	-246.6	-8.1	—	—	—	-143.0	-95.5
Other b/	253.0	—	—	—	75.0	24.9	153.1
Total program costs	10,595.6	4,510.4	2,135.1	705.3	1,045.9	415.4	1,783.5
<u>Nonprogram costs:</u>							
Interest (net):							
Support and related	286.0						
Export credit sales	16.1						
Short-term and intermediate export guarantees	—						
Operating expenses	12.2						
Total nonprogram costs	314.3						
Total realized losses, gross	10,909.9						
Offsetting income from FY 1988 advance appropriation	—						
Total, net realized losses	10,909.9						

a/ Other commodities and programs include soybeans, minor oilseeds, tobacco, peanuts and peanut products, vegetable oil products, honey, sugar, administrative equipment, ocean transportation for export donations, export enhancement, and market promotion.

b/ Other costs include depreciation costs associated with administrative equipment and miscellaneous expenses.

Fiscal Year 1993—Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^{a/}
<u>Program Costs:</u>							
Gain(-) or loss on sales	257.4	1.7	22.7	-0.8	—	233.8	—
Domestic donations	240.9	4.2	6.1	2.5	—	206.0	22.1
Export donations	161.1	—	—	—	—	161.1	—
Storage and handling	92.2	14.3	54.8	0.1	—	22.5	0.5
Transportation	28.1	0.4	—	—	—	27.7	—
Loans written off	5.2	—	—	—	—	—	5.2
Producer storage payments	24.0	—	24.0	—	—	—	—
Cash deficiency payments	7,733.9	4,243.6	2,287.0	569.2	631.0	—	3.1
Cash loan deficiency payments	75.0	—	—	23.4	—	—	51.6
User marketing cash payments	25.0	—	—	—	25.0	—	—
Market Promotion Program cash payments	200.0	—	—	—	—	—	200.0
Export Enhancement Program cash payments	1,200.0	—	—	—	—	—	1,200.0
FCIC Crop Indemnity Payments	266.5	—	—	—	—	—	266.5
Marketing loan write-offs	115.8	—	—	107.6	—	—	8.2
Marketing assessments and loan origination fees	-275.4	-9.5	—	—	—	-168.0	-97.9
Other ^{b/}	154.0	—	—	—	—	28.3	125.7
Total program costs	10,303.7	4,254.7	2,394.6	702.0	656.0	511.4	1,785.0
<u>Nonprogram costs:</u>							
<u>Interest (net):</u>							
Support and related	297.8						
Short-term and intermediate export credit sales	18.9						
Export guarantees	—						
Operating expenses	10.8						
Total nonprogram costs	327.5						
Total, net realized losses	10,631.2						

^{a/} Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, extra long staple cotton, honey, sugar, sunflower seed, flaxseed, canola, rapeseed, mustard seed, ocean transportation for export donations, export enhancement, and market promotion.

^{b/} Other costs include ocean transportation for export donations, administrative equipment, and dairy export incentive payments.

National Wool Act

Appropriations Act, 1992.....	\$172,240,000
Budget Estimate, 1993.....	<u>\$177,674,000</u>
Increase in Appropriation.....	<u>+5,434,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1992 Estimated (1990 Calendar Year)	Increase	1993 Estimated (1991 Calendar Year)
Total duties collected in the applicable calendar year	\$395,683,738	+\$5,000,262	\$400,684,000
70 percent of duties collected, representing maximum available for reimbursement to CCC	276,978,617	+3,500,383	280,479,000
Appropriation or estimate to reimburse CCC	172,240,000	+5,434,000	177,674,000

The 1992 appropriation covers reimbursement for fiscal year 1991 expenditures (not otherwise recovered) relating to marketings in the 1990 calendar year. The 1993 appropriation estimate covers fiscal year 1992 estimated expenditures relating to marketings in the 1991 calendar year.

PROJECT STATEMENT

(On basis of appropriation)

Item	1991 Actual	1992 Estimated	Increase	1993 Estimated
Reimbursement to Commodity Credit Corporation for expenditures under the National Wool Act, available or estimate	\$104,407,000	\$172,240,000	+\$5,434,000 (1)	\$177,674,000

EXPLANATION OF PROGRAM

The wool and mohair payment program administered by the Agricultural Stabilization and Conservation Service is required by the National Wool Act of 1954, as amended. The Act, which has been extended several times, was extended by the Food, Agriculture, Conservation, and Trade Act of 1990 to cover marketings through December 31, 1995.

Payments are made on marketings during each calendar year on shorn wool, unshorn lambs (to compensate producers for the wool on lambs) and mohair. The payments are made beginning in April for marketings during the previous year at a rate approximating the difference between the support price and the national average price received by producers.

To encourage producers to do a good job of marketing their wool and to receive the best possible price in the market, a percentage of the actual price received by the producer is used as the payment rate rather than making a uniform flat payment per pound of wool. The higher the market price the producer obtains, the greater the incentive payment he will receive.

Payments, initially financed by CCC, are made to eligible producers through the Agricultural Stabilization and Conservation Service county offices. Total payments under the Act are limited to 70 percent of the accumulated gross receipts from import duties collected on and after January 1, 1953, on wool and wool manufactures.

The Omnibus Budget Reconciliation Act of 1990 provides for a marketing assessment for the 1991 through 1995 marketing years for wool and mohair. Wool and mohair producers will have their incentive payments reduced by one percent.

The following table shows amounts collected and available for payment (in thousands of dollars).

<u>Item</u>	Fiscal Year 1991 (1990 Marketing Year) <u>Actual</u>	Fiscal Year 1992 (1991 Marketing Year) <u>Estimate</u>	Fiscal Year 1993 (1992 Marketing Year) <u>Estimate</u>
Available for payments, 70 percent of duties collected:			
Cumulative from January 1, 1953.....	\$4,937,110	\$5,217,589	\$5,501,568
Cumulative payments to producers.....	<u>2,150,283</u>	<u>2,324,783</u>	<u>2,505,383</u>
Balance available, end of year.....	<u>2,786,827</u>	<u>2,892,806</u>	<u>2,996,185</u>

The Act provides that the Corporation will be reimbursed for payments to producers and operating costs from the permanent appropriation. The amounts appropriated for any fiscal year shall not exceed 70 percent of the duties collected during the period January 1 to December 31 preceding the beginning of each such fiscal year.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$5,434,000 in the appropriation to reimburse the Commodity Credit Corporation.

<u>Item of Change</u>	<u>1992 Estimate (Fiscal Year 1991 Expendi- tures)</u>	<u>Increase or Decrease</u>	<u>1993 Estimate (Fiscal Year 1992 Expendi- tures)</u>
Payments to producers:			
Shorn wool.....	\$85,446,000	+\$17,354,000 (a)	\$102,800,000
Unshorn lambs.....	19,949,000	+3,551,000 (b)	23,500,000
Mohair.....	<u>59,588,000</u>	<u>-11,388,000 (c)</u>	<u>48,200,000</u>
Total payments.....	164,983,000	+9,517,000	174,500,000
Operating expenses.....	2,193,000	-2,193,000 (d)	---
Interest expenses.....	5,064,000	-145,000 (e)	4,919,000
Assessments.....	<u>---</u>	<u>-1,745,000 (f)</u>	<u>-1,745,000</u>
Total.....	<u>172,240,000</u>	<u>+5,434,000</u>	<u>177,674,000</u>

Need for Change. Commodity Credit Corporation funds are used to operate the wool incentive and mohair support program. The Corporation is reimbursed for the program costs by a permanent appropriation which is limited to 70 percent of all duties collected on wool and wool manufactures during the preceding calendar year. Estimated program costs for fiscal year 1992 are \$177,674,000. Program costs are estimated to increase from fiscal year 1991 primarily due to increased payments because of lower market prices received by wool producers partially offset by higher market prices received by mohair producers.

Nature of Change.

- (a) An increase of \$17,354,000 in shorn wool payments (\$85,446,000 in 1992). This results from a projected decline in the season average price for shorn wool, from \$0.80 to \$0.60 per pound, increasing the payment rate from \$1.02 to \$1.28 per pound, which is partially offset by lower marketings of shorn wool.
- (b) An increase of \$3,551,000 in payments on unshorn lambs (\$19,949,000 in 1992). This increase is due to an increase in the payment rate for wool as explained above, increasing the payment rate for unshorn lambs from \$4.08 to \$5.12 per hundredweight, which is partly offset by lower marketings of unshorn lambs.
- (c) A decrease of \$11,388,000 in payments on mohair (\$59,588,000 in 1992). This decrease is primarily due to an increase in the season average price from \$0.93 to \$1.40, resulting in a decrease in the payment rate from \$3.602 to \$3.048 per pound.
- (d) A decrease of \$2,193,000 in operating expenses (\$2,193,000 in 1992). This decrease in administrative costs is based on the fact that for fiscal year 1992, certain administrative costs of operating the program will not be charged to National Wool Act program costs. Rather, such administrative costs will be financed from the direct appropriation made to the consolidated ASCS Salaries and Expenses Account, since CCC Transfers were not authorized in the 1992 Appropriations Act. Therefore, there are no administrative costs in fiscal year 1992 that the Corporation will have to be reimbursed for under the National Wool Act in fiscal year 1993.

- (e) A decrease of \$145,000 in interest expenses (\$5,064,000 in 1992). This decrease is due to a decrease in the interest rate charged the Corporation for Treasury borrowings.
- (f) An increase (gain) of \$1,745,000 in assessments (\$0 in 1992). This increase is caused by the assessment charge to producers (1% of total payments) implemented by the Omnibus Budget Reconciliation Act of 1990. The producer pays a fee per unit of production in order to share program costs with the Government.

EXPENDITURES AND REIMBURSEMENTS TO CCC
UNDER THE NATIONAL WOOL ACT

Costs

Expenditures under this program include payments to producers, plus operating and interest costs. The following table shows the basis of the estimates for fiscal years 1991, 1992, and 1993.

Item	Fiscal Year 1991 (1990 Marketing Year) Actual	Fiscal Year 1992 (1991 Marketing Year) Estimated	Fiscal Year 1993 (1992 Marketing Year) Estimated
Volume of Marketings:			
Pounds of shorn wool.....	83,900,000	82,300,000	82,600,000
Hundredweight, unshorn lambs.	4,900,000	4,700,000	4,500,000
Pounds of mohair.....	15,800,000	16,200,000	16,400,000
Incentive or Support Level:			
Price per lb of wool (cents).....	182.0	188.0	197.0
Price per lb of mohair (cents).....	453.2	444.8	461.3
Percent of parity - wool.	60.1	57.5	58.8
Percent of parity - mohair.....	51.1	48.9	50.0
Payments under Act - Rates:			
Shorn wool, per lb (cents).....	102.0	128.0	135.0
Unshorn lambs, cwt (cents).....	408.0	512.0	540.0
Mohair, per lb (cents)...	360.2	304.8	291.3
Amount of Payments:			
Shorn wool.....	\$85,446,000	\$102,800,000	\$109,400,000
Unshorn lambs.....	19,949,000	23,500,000	23,900,000
Mohair.....	59,588,000	48,200,000	47,300,000
Total payments.....	164,983,000	174,500,000	180,600,000
Marketing Assessments:			
Wool.....	---	-1,263,000	-1,333,000
Mohair.....	---	-482,000	-473,000
Operating Expenses.....	2,193,000	-0-	-0-
Interest Expense.....	5,064,000	4,919,000	5,722,000
Current year expenditures..	172,240,000	177,674,000	184,516,000
Unrecovered balance, prior years.....	104,407,000	172,240,000	177,674,000
Total cumulative unrecovered balance....	276,647,000	349,914,000	362,190,000
Reimbursement to CCC (70 percent of preceding calendar year duty collections) a/.....	-104,407,000	-172,240,000	-177,674,000
Unrecovered balance, end of year.....	172,240,000	177,674,000	184,516,000

a/ Reimbursement limited to actual expenditures of preceding fiscal year and prior fiscal year amounts not previously reimbursed.

GENERAL SALES MANAGER

Permanent Positions by Grade and Staff-Year Summary1991 and Estimated 1992 and 1993

Grade	1991			1992			1993		
	Head- Quarters	Field	Total	Head- Quarters	Field	Total	Head- Quarters	Field	Total
ES-6	--	--		--	--		--	--	
ES-5	1	--	1	1	--	1	1	--	1
ES-1	--	--	--	--	--	--	--	--	--
GS/GM-15	6	--	6	6	--	6	6	--	6
GS/GM-14	11	--	11	11	--	11	11	--	11
GS/GM-13	19	--	19	23	--	23	23	--	23
GS/GM-12	20	--	20	20	--	20	20	--	20
GS/GM-11	11	--	11	12	--	12	12	--	12
GS-10	--	--	--	--	--	--	--	--	--
GS-9	10	--	10	11	--	11	11	--	11
GS-8	4	--	4	4	--	4	4	--	4
GS-7	13	--	13	14	--	14	14	--	14
GS-6	11	--	11	11	--	11	11	--	11
GS-5	5	--	5	6	--	6	6	--	6
GS-4	3	--	3	3	--	3	3	--	3
GS-3	1	--	1	1	--	1	1	--	1
GS-2	--	--	--	--	--	--	--	--	--
Other									
Graded									
Positions:	22	--	22	22	--	22	22	--	22
Ungraded									
Positions:	--	--	--	--	--	--	--	--	--
Total Per-									
manent									
Positions:	137	--	137	145	--	145	145	--	145
Staff-									
Years:									
Ceiling:	137	--	137	145	--	145	145	--	145
Non-									
Ceiling:	--	--	--	--	--	--	--	--	--
Total..	137	--	137	145	--	145	145	--	145

COMMODITY CREDIT CORPORATION

The estimates include proposed changes in the language of this items as follows (new language underscored; deleted matter enclosed in brackets):

General Sales Manager (Including transfers of funds):

For necessary expenses of the Office of the General Sales Manager, [\$9,071,000] \$8,782,000, of which [\$5,098,000] \$4,053,000 may be transferred from Commodity Credit Corporation funds, [\$2,731,000] \$3,262,000 may be transferred from the Commodity Credit Corporation Program Account in this Act and [\$1,242,000] \$1,467,000 may be transferred from the Public Law 480 Program Account in this Act. [Of these funds, up to \$4,000,000 shall be available only for the purpose of selling surplus agricultural commodities from Commodity Credit Corporation inventory in world trade at competitive prices for the purpose of regaining and retaining our normal share of world markets. The General Sales Manager shall report directly to the Secretary of Agriculture. The General Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation, including grade and quality as sold and as delivered, including information relating to the effectiveness of greater reliance by the General Sales Manager upon loan guarantees as contrasted to direct loans for financing commercial export sales of agricultural commodities out of private stocks on credit terms, as provided in titles I and II of the Agricultural Trade Act of 1978, Public Law 95-501, and shall submit quarterly reports to the appropriate committees of Congress concerning such developments.]

This change deletes restrictive language the Department believes should not be placed in the appropriations act.

GENERAL SALES MANAGER

Available Funds, 1992	\$9,071,000
Budget Estimate, 1993	<u>8,782,000</u>
Decrease in Available Funds	<u>- 289,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of Available Funds)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1993 Estimate</u>
General Sales Manager	\$9,071,000	+ \$141,000	-\$430,000	\$8,782,000

PROJECT STATEMENT
(On basis of Available Funds)

Project	<u>1991 Actual</u>		<u>1992 Estimated</u>		<u>Increase or Decrease</u>	<u>1993 Estimated</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>		<u>Amount</u>	<u>Staff- Years</u>
General Sales :	:	:	:	:	:	:	:
Manager :	:	:	:	:	:	:	:
(Allotment :	:	:	:	:	:	:	:
from CCC)....:	\$7,803,000:	137 :	\$5,098,000:	46 :	-\$1,045,000	\$4,053,000:	46
Administrative:	:	:	:	:	:	:	:
Expenses :	:	:	:	:	:	:	:
Contained :	:	:	:	:	:	:	:
in Other :	:	:	:	:	:	:	:
Accounts: :	:	:	:	:	:	:	:
CCC Export :	:	:	:	:	:	:	:
Loans :	:	:	:	:	:	:	:
Program :	:	:	:	:	:	:	:
Account....:	--: --:	:	2,731,000:	51 :	+531,000	3,262,000:	51
P.L. 480 :	:	:	:	:	:	:	:
Program :	:	:	:	:	:	:	:
Account....:	--: --:	:	1,242,000:	48 :	+225,000	1,467,000:	48
Total, OGS....:	<u>7,803,000:</u>	<u>137 :</u>	<u>9,071,000:</u>	<u>145 :</u>	<u>-289,000(1):</u>	<u>8,782,000:</u>	<u>145</u>

EXPLANATION OF PROGRAM

The General Sales Manager was established pursuant to Section 5(f) of the Charter Act of the Commodity Credit Corporation and 15 U.S.C. 714-714p. The funds allocated are used for conducting the following programs:

(1) CCC Export Credit Guarantee Program (GSM-102), (2) Intermediate Credit Guarantee Program (GSM-103), (3) Export Enhancement Program, (4) Market Promotion Program, (5) Public Law 480, (6) Section 416 Overseas Donations, (7) Food for Progress, (8) Dairy Export Incentive Program, (9) Sunflowerseed Oil Assistance Program, (10) Cottonseed Oil Assistance Program, and (11) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of CCC-owned commodities, export payments and other programs as assigned to encourage or cause the export of U.S. agricultural commodities.

REVIEWS COMMENCED DURING FY 1991GAO Reviews

Code 472239	Eastern Europe Donor Assistance Coordination	Survey of program administration
Code 483599	Review of Fraud and Abuse in the GSM 102/103 Programs	Program investigation
Code 472271	Assessment of U.S. Participation in the International Fund for Agricultural Development	Review of program administration
Code 463794	U.N. Sanctions in the Persian Gulf	Review of program effectiveness

OIG Audits

NY-754-3	Violation of Export Enhancement Program Regulations	Program investigation
07099-28-Hy	Survey of Export Enhancement Program	Review of program administration
SF-754-6	Violation of GSM 102/103 Program Regulations	Program investigation
07099-29-Hy	Expanded GSM Pricing Review	Review of program administration
SF-754-5	Violation of GSM 102/103 Program Regulations	Program investigation
50099-38-FM	Compliance With Domestic Commodity Origin Requirements	Review of program administration

REVIEWS COMPLETED DURING FY 1991GAO Reviews

Code 483570	Iraq's Participation in U.S. Agricultural Export Programs	Review of program administration
Code 472195	Use of Local Currency	Review of program administration

OIG Audits

Hy-752-6	Violation of P.L. 480 Program Regulations	Program investigation
At-720-9	Violation of GSM 102/103 Program Regulations	Program investigation
At-720-8	Violation of GSM 102/103 Program Regulations	Program investigation

SF-754-4	Violation of GSM 102/103 Program Regulations	Program investigation
07-000-Hq	Foreign Bank Approval Process	Audit of program administration
07070-1-Hy	Reconciliation of Receivables Arising from Foreign Debt	Audit of program administration
AT-720-3	Violation of GSM 102/103 Program Regulations	Program investigation
AT-720-4	Violation of GSM 102/103 Program Regulations	Program investigation
AT-720-5	Violation of GSM 102/103 Program Regulations	Program investigation
AT-720-6	Violation of GSM 102/103 Program Regulations	Program investigation
AT-720-7	Violation of GSM 102/103 Program Regulations	Program investigation
07099-21-Hy	Exports of Foreign Commodities Under GSM 102/103	Audit of program administration
Wa-3620-1W	Violation of P.L. 480 Regulations	Program investigation
SF-754-2	Violation of Export Credit Guarantee Program	Program investigation

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of \$289,000 for the Office of the General Sales Manager (OGSM) (\$9,071,000 available in FY 1992) consisting of:

- (a) A decrease of \$430,000 associated with the OGSM share of "Augmentation 2000." Augmentation 2000 is a joint hardware acquisition program with FAS designed to meet the administrative ADP requirements of the OGSM and FAS to the year 2000.

Need for Change: Funding available in FY 1992 will allow for the procurement of ADP hardware associated with the GSM portion of Augmentation 2000. No further funding for this initiative is required.

Nature of Change: No further funding is requested for the OGSM portion of Augmentation 2000.

- (b) An increase of \$141,000 for pay costs which consists of \$68,000 for the annualization of the Fiscal Year 1992 pay raise and \$73,000 for a portion of the Fiscal Year 1993 pay raise. This request represents approximately half of total pay cost requirements.

General Sales Manager
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
District of Columbia.....	\$7,803,000	137	\$9,071,000	145	\$8,782,000	145
Total Available or Estimate....	<u>\$7,803,000</u>	<u>137</u>	<u>\$9,071,000</u>	<u>145</u>	<u>\$8,782,000</u>	<u>145</u>

HUMAN NUTRITION INFORMATION SERVICE

Purpose Statement

The Human Nutrition Information Service (HNIS) was established by the Secretary on October 1, 1981. The functions of this agency were formerly carried out within the Agricultural Research Service.

HNIS is responsible for conducting applied research in food and nutrition--what foods Americans buy and eat, what nutrients are in the foods we eat, and how we can make informed food choices. HNIS research is used by policymakers to formulate research-based policies for nutrition and food intervention programs, consumer education including the Dietary Guidelines for Americans which are the basis of Federal dietary guidelines policy for the public, food fortification, food safety, and regulatory activities. HNIS reports the results of its work in both technical and popular publications and in forms that can be used by computers.

HNIS has primary responsibility for USDA's role in the National Nutrition Monitoring System and is the lead Agency for providing the Federal policy basis for issuing dietary guidance to the general public. HNIS' National Nutrient Data Bank is the primary resource for data on the nutrient content of foods throughout the Government as well as in the private sector.

The Agency is located at Hyattsville, Maryland. As of September 30, 1991, there were 102 full-time permanent and 11 part-time permanent employees and 4 stay-in-school student employees. A portion of the Agency's work is done via competitive contracts. These contracts are used for work that requires extensive human resources located throughout the country such as providing interviewers for nationwide surveys, or that requires specific technical expertise and equipment such as laboratory analyses of the nutrient composition of specific foods. Much of this work requires specialized technical skills that would be impractical for the agency to retain among its employees on a year-round basis.

HUMAN NUTRITION INFORMATION SERVICE

Available Funds and Staff-Years
-----1991 Actual and Estimated, 1992 and 1993

Item	: : 1991 : Actual	: : Staff- : Amount : Years	: : 1992 : Estimated	: : Staff- : Amount : Years	: : 1993 : Estimated	: : Staff- : Amount : Years
Salaries and Expenses	: \$9,922,871:	: 94	: \$10,788,000:	: 110	: \$13,716,000:	: 114
Total, Human Nutrition Information Service	: 9,922,871:	: 94	: \$10,788,000:	: 110	: 13,716,000:	: 114
=====						
Full-Time Equivalent Staff-Years:	1991 Actual		1992 Estimated		1993 Estimated	
Ceiling.....	94		110		114	
Non-ceiling.....	--		---		---	
Total.....	94		110		114	
=====						

HUMAN NUTRITION INFORMATION SERVICE

Permanent Positions by Grade and Staff-Year Summary

 1991 and Estimated 1992 and 1993

Grade	:	1991	:	1992	:	1993	:
	:	Headquarters	:	Headquarters	:	Headquarters	:
SES	:	1	:	2	:	2	:
GS/GM-15	:	3	:	3	:	3	:
GS/GM-14	:	6	:	6	:	6	:
GS/GM-13	:	17	:	17	:	17	:
GS-12	:	12	:	14	:	16	:
GS-11	:	14	:	18	:	20	:
GS-9	:	10	:	15	:	15	:
GS-7	:	5	:	7	:	7	:
GS-6	:	3	:	6	:	6	:
GS-5	:	9	:	7	:	7	:
GS-4	:	5	:	2	:	2	:
GS-3	:	1	:	1	:	1	:

Total Permanent	:		:		:		:
Positions.....	:	86	:	98	:	102	:
=====							
Staff-Years:							
Ceiling.....	:	94	:	110	:	114	:
Non-Ceiling.....	:	--	:	---	:	---	:

TOTAL.....	:	94	:	110	:	114	:

HUMAN NUTRITION INFORMATION SERVICE

CLASSIFICATION BY OBJECTS

1991 and Estimated 1992 and 1993

	1991	1992	1993
	----	----	----
Personnel Compensation:			
Headquarters:			
11 Total personnel compensation.....	\$ 3,820,826	\$ 4,538,000	\$ 4,967,000
12 Personnel Benefits.....	656,462	723,000	814,000
13 Benefits for former personnel.....	---	---	---
Total Pers. Comp. & Benefits	----- 4,477,288	----- 5,261,000	----- 5,781,000
Other Objects:			
21 Travel.....	69,923	80,000	80,000
22 Transportation of things.....	12,343	13,000	13,000
23.2 Rental payments to others.....	---	---	---
23.3 Communications, utilities, and misc. charges.....	94,795	137,000	137,000
24 Printing and reproduction.....	59,063	460,000	250,000
25 Other services.....	4,916,735	4,577,000	7,174,000
26 Supplies and materials..	99,863	110,000	110,000
31 Equipment.....	169,081	150,000	171,000
Total other objects.....	----- 5,421,803	----- 5,527,000	----- 7,935,000
Total direct obligations.....	----- 9,899,091	----- 10,788,000	----- 13,716,000
Position Data:			

Average Salary, ES positions.....	\$95,300	\$98,600	\$98,600
Average Salary, GM/GS positions..	\$35,977	\$37,898	\$40,186
Average Grade, GM/GS positions...	9.9	10.0	10.0

HUMAN NUTRITION INFORMATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to enable the Human Nutrition Information Service to perform applied research and demonstrations relating to human nutrition and consumer use and economics of food utilization, and nutrition monitoring, [~~\$10,788,000~~] \$13,716,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

HUMAN NUTRITION INFORMATION SERVICE

Appropriations Act, 1992.....	\$ 10,788,000
Budget Estimate, 1993.....	<u>13,716,000</u>
Increase in Appropriation.....	+ 2,928,000
	=====

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1992 Estimated	Pay Cost	Program Changes	1993 Estimated
-----	-----	-----	-----	-----
Human Nutrition Information Service	\$10,788,000	+\$206,000	+\$2,722,000	\$13,716,000
	=====	=====	=====	=====

PROJECT STATEMENT

(On basis of appropriation)

Project	: 1991 Actual	: 1992 Estimated	: 1993 Estimated
	: Staff:	: Staff:	: Staff
	: Amount : Years:	: Amount : Years: Increase	: Amount : Years
-----	-----	-----	-----
Research,	:	:	:
Analysis &	:	:	:
Technical	:	:	:
Assistance.....	\$9,899,091: 94	\$10,788,000: 110	+\$2,928,000: \$13,716,000: 114
Unobligated	:	:	:
Balance.....	23,780: ---	---: ---	---: ---: ---
-----	-----	-----	-----
Total Available	:	:	:
or Estimate.....	9,922,871: 94	10,788,000: 110	+2,928,000 : 13,716,000: 114
G-R-H Reduction..	<u>129: ---</u>	:	:
Total,	:	:	:
Appropriation...	<u>9,923,000: 94</u>	:	:

EXPLANATION OF PROGRAM

Overview of Program Development. General authority for nutrition research and education comes from the mission mandated by Congress when the Department was established in 1862. The Organic Act of 1862 called for an institution, the "general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected to agriculture and rural development." Nutrition was subsequently specified as one such subject.

Early studies on food and nutrition were begun at the end of the last century by Dr. W.O. Atwater, the first director of USDA's Office of Experiment Stations. These small scale studies were aimed at helping the working class achieve good diets at low cost. The first food consumption survey of national scope was the "Consumer Purchase Study of 1936-37" conducted jointly by USDA and the U.S. Department of Labor. This study indicated that one-third of the nation's families had diets rated poor by nutrition standards. These findings added impetus to efforts to enrich flour and bread with iron and three B vitamins and to initiate school lunch programs and more vigorous nutrition education efforts.

The types of food eaten and the dietary status of the population have been measured subsequently through the decennial Nationwide Food Consumption Surveys (NFCS). The last NFCS was conducted in 1987-88. The results of these studies reflect changes over the years in the distribution and storage (refrigeration) of products, in the availability of convenience foods (mixes and ready-made products), in technology (more commercially frozen foods and new packaging), and in incomes and lifestyles (more working women). Having available up-to-date food consumption data is essential to understanding both the dietary status of the population and the safety of the food supply. In addition to the NFCS, the annual Continuing Survey of Food Intakes by Individuals (CSFII) updates NFCS findings and focuses on population groups at nutritional risk.

The Research and Marketing Act of 1946 explicitly authorized research into problems of human nutrition and of the nutritive value of agriculture commodities. The role of USDA in conducting research in the fields of human nutrition, food consumption patterns, nutritive value of foods, and nutrition education activities was affirmed in the Food and Agriculture Act of 1977. Title XIV of this Act, "The National Agricultural Research, Extension, and Teaching Policy Act of 1977," firmly established USDA as the lead agency in the Federal Government for research, extension, and teaching in the food and agricultural sciences. Further, it directed that research into food and human nutrition be established as a separate and distinct mission of the Department. With this legislation, Congress supported USDA's traditional emphasis on the nutritional needs of normal, healthy individuals rather than the needs of individuals requiring clinical or therapeutic dietary support. This mission was reaffirmed in the Agriculture and Food Act of 1981 and the Food Security Act of 1985.

The National Nutrition Monitoring and Related Research Act of 1990 directed an expansion of activities in food consumption assessment, food composition research, and dietary guidance in order to strengthen national nutrition monitoring and foster nutrition education.

HNIS has been specified for leadership in providing the policy basis for Federal dietary guidance to the public for several years in conference reports accompanying the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bills.

HNIS was established on October 1, 1981, by the Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agricultural Research Service. Currently the agency conducts the activities authorized under "Research Analysis and Technical Assistance" in sections 1451-1453 and 1589 of Public Law 99-198 (7 U.S.C. 3173 note and 3178a).

Agency Objectives. It is USDA policy to "promote optimal human health and well-being through improved nutrition" (Departmental Regulation 1020-4). HNIS implements this policy through five major objectives, including:

- o Monitoring the nutrient content of the U.S. food supply, the eating patterns of Americans, and the nutritional adequacy of their diets;
- o Determining the nutrient content of foods available to Americans;
- o Providing research-based information on food intake and dietary status of the U.S. population and population subgroups for decisions made by Government policymakers, educators, and health professionals aimed at assessing the safety and improving the nutritional quality of the American diet;
- o Developing research-based information needed by the American public to make informed food choices;

- o Providing USDA's policy coordination for the National Nutrition Monitoring System and for the development of the Dietary Guidelines for Americans. Both of these activities are coordinated with the U.S. Department of Health and Human Services (DHHS).

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$2,928,000, consisting of:

- (a) An increase of \$206,000 for pay costs which consists of \$58,000 for the annualization of Fiscal Year 1992 pay raise and \$148,000 to fund the Fiscal Year 1993 pay raise.

- (b) An increase of \$455,000 to move the Agency to new offices.

Need for Change. HNIS holds a lease in its present location that expires in 1993. The owners of the building housing the agency will not renew the lease as they intend to renovate the building. As a result of this forced move, HNIS must request this one time appropriation.

Nature of Change. A one time increase of \$455,000 for moving expenses not covered by the General Services Administration.

- (c) An increase of \$1,200,000 for the Continuing Survey of Food Intakes by Individuals (CSFII) (\$1,550,000 available in 1992).

Need for Change. The CSFII must increase its sample size and modify its methodology to provide data on specific population subgroups as required by the National Nutrition Monitoring and Related Research Act of 1990. Three to five years of data collection from the CSFII are needed before estimates of intakes can be made for certain population subgroups. This increase will enable USDA to maintain the usefulness of the CSFII for important users, such as EPA which needs the data for estimating pesticide residue intakes.

Nature of Change. An increase of \$1,200,000 to improve the sampling capability of the CSFII. Sample size will be increased to provide data on specific population subgroups.

- (d) A \$200,000 increase to establish a survey management team for the Continuing Survey of Food Intakes by Individuals (CSFII).

Need for Change. To strengthen survey monitoring operations for CSFII. Closer monitoring will ensure more timely and higher quality data collection.

Nature of Change. An increase of \$200,000 and 4 staff-years to establish a management team to monitor the operations of the CSFII. A management team will be developed to correct deficiencies which were identified by GAO during its investigation of survey operations. This management team will also act as a checks and balances system for survey operations both within the Agency as well as with the contractor.

- (e) A \$200,000 increase for the National Nutrient Data Bank.

Need for Change. The National Nutrient Data Bank is the government's repository for food composition data. Data from this system are used both to support nutrition monitoring activities in USDA and DHHS, and also as a resource for health professionals and food and nutrition researchers throughout the U.S. The current system was designed in 1982. Since that time, the requirements for and uses of these data have expanded and changed with the needs of the data users. The current system is obsolete and major upgrading is needed. A 3-year timeframe is expected in this upgrade for creating a system with a potential life of 10 years.

Nature of Change. An increase of \$200,000 to begin evaluation and technical redesign of the National Nutrient Data Bank. Significant advances in computer technology have also occurred since the current system was designed. These advances in data base management software, when introduced into the Nutrient Data Bank System, will provide a much more efficient operating environment. For example, new data base management software is available that can increase the flexibility for making future improvements to the system.

- (f) An increase of \$200,000 for Food Composition Research (\$400,000 available in 1992).

Need for Change. New foods, especially those reformulated to replace the fat ingredients, are being introduced to the market at a rapid pace (approximately 15,000 new foods each year). Modifications used in producing these foods alter the nutrient profile when compared with their traditional counterparts. Thus, comprehensive nutrient analyses of these and other new foods are required.

Nature of Change. An increase of \$200,000 to expand food composition research. This increase will fund additional contracts for analysis of the nutrient contents of new foods entering the market.

- (g) An increase of \$467,000 for ongoing research (\$4.58 million available in 1992).

Need for Change. The increase is needed to support the agency's ongoing research programs in food consumption, food composition, and nutrition education research.

Nature of Change. An increase of \$467,000 will allow for increased support for expanding the ability of USDA food consumption surveys to provide data needed by Federal and State users; expanding the capability of the National Nutrient Data Bank to provide data needed to support measurements of nutrient intake and assessments of dietary status by HNIS, by the Food and Nutrition Service, by the Department of Health and Human Services, and by other Federal and non-Federal users; and research to provide the basis for effective nutrition education activities, with particular emphasis on high-risk groups including children and low-income individuals and families.

Human Nutrition Information Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1991 and Estimated 1992 and 1993

	1991		1992		1993	
Staff	-----		-----		-----	
	Staff		Staff			
	Amount	Years	Amount	Years	Amount	Years
	-----	-----	-----	-----	-----	-----
Maryland.....	\$ 9,899,091	94	\$10,788,000	110	\$13,716,000	114
Unobligated						
balance.....	23,780	--	--	--	--	--

Total, Available						
or Estimate	9,922,871	94	10,788,000	110	13,716,000	114
	=====					

FOOD AND NUTRITION SERVICE

Purpose Statement

The Food and Nutrition Service (FNS) was established August 8, 1969, by Secretary's Memorandum No 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and which encourage better eating patterns among the nation's children. The programs are:

Child Nutrition Programs. The purpose of the Child Nutrition Programs - the National School Lunch, School Breakfast, Summer Food Service and Child and Adult Care Food Programs -- is to assist State and local governments in providing food services for children in public and nonprofit private schools, child care institutions and summer recreation programs. FNS provides the States with cash and additional commodities on a per meal basis to offset the cost of food service and cash to offset a portion of State administrative expenses, sponsor administrative expenses and technical assistance. FNS also administers the various child nutrition programs directly in cases where the State has chosen not to administer the programs. In addition to the cash and commodity assistance provided for all meals, substantially higher cash rates are paid as special assistance for meals served free or at a reduced price to children from low income families. Funds for these programs are provided by direct appropriation and by transfer from section 32.

Special Milk Program. The Special Milk Program provides funding for milk service in some kindergartens, as well as in schools, nonprofit child care centers and camps which have no other federally assisted food programs. Milk is provided to children either free or at a low cost depending on their family income level. The Food and Nutrition Service provides cash subsidies to State administered programs and directly administers the program in the States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special Supplemental Food Program for Women, Infants and Children (WIC). The purpose of the WIC Program is to improve the health of low income pregnant, breastfeeding and postpartum women, infants and children up to their fifth birthday. This is achieved by providing food packages designed to supplement each participant's diet with foods that nutritional research indicates are typically lacking in the WIC target population and by providing eligible recipients with nutrition education, including information about breastfeeding, and access to health services. In addition to paying the full cost of the food packages, appropriated funds are provided to States for administrative and nutrition education costs for the program. Funds for this program are provided by direct appropriation.

Commodity Supplemental Food Program (CSFP). The first priority of the CSFP is to improve the health of low-income pregnant, breastfeeding and postpartum women, infants and children up to their sixth birthday, a target population similar to that of the WIC Program. The next priority of CSFP is to provide supplemental food packages to improve the health of the low income elderly -- 60 years of age or older. The foods are purchased directly by the Department of Agriculture and distributed through State and local agencies to eligible women, infants, children and the elderly. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses

at a rate of 20 percent of appropriated funding. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Food Stamp Program. Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The program is a Federal-State partnership with the Federal Government paying the full cost of food stamps. The Federal Government also funds over half of the expenses incurred by the States to administer the program, including recipient household certification, food coupon issuance and employment and training activities for recipients. Funds for this program are provided by direct appropriation.

Nutrition Assistance for Puerto Rico. This program provides grant funds to the Commonwealth of Puerto Rico to operate a food assistance program specifically tailored to the needs of its low-income citizens provided that the program assures assistance for the most needy persons in the jurisdiction. Puerto Rico has established eligibility standards and administrative mechanisms approved by FNS to assist low-income households with cash grants, rather than food stamps or coupons. This assistance is intended to supplement recipients' income to help them purchase food for an adequate diet. A small portion of the grant may also be used to stimulate local food production and distribution activities. Funds for this program are provided by direct appropriation.

Food Donations Programs for Selected Groups

Food Distribution Program on Indian Reservations (FDPIR). This program provides nutrition assistance to low income American Indians living on or near reservations who choose not to participate in the Food Stamp Program. Through monthly distribution from local warehouses, participating Indians receive a variety of commodities to help maintain a healthy diet. Participating agencies can order food items according to households' preferences. They also receive information on proper nutrition, food storage, sanitary food preparation methods and suggestions for use of the commodities. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Nutrition Program for the Elderly. This program provides cash and commodities to States for distribution to local organizations that prepare meals served to elderly persons in congregate settings or delivered to their homes. The program promotes good health through nutrition assistance and through reducing the isolation of old age. USDA participates in this program by supplementing the Department of Health and Human Services' funding for programs for the elderly with cash and commodities on a per meal basis for each meal served to an elderly person. Funds for this program are provided by direct appropriation.

Commodities for Soup Kitchens. This program provides for the purchase and distribution of commodities to soup kitchens and food banks. Commodities are distributed to the States which, in turn, provide them to public and charitable institutions that maintain an established feeding operation to

provide food to needy homeless persons on a regular basis as an integral part of their activities. In instances when these commodities cannot be used by these organizations, States provide such commodities to food banks that maintain an established operation involving the provision of food or edible commodities to food pantries, soup kitchens, hunger relief centers or other food or feeding centers that provide meals or food to needy persons on a regular basis as an integral part of their normal activities. Funds for this program are provided by direct appropriation.

The Emergency Food Assistance Program (TEFAP). The Emergency Food Assistance Program helps States to relieve situations of hunger and distress by making available surplus foods from USDA farm support program inventories. The program also provides funds to States to aid in the intrastate storage and distribution of these foods. In addition to surplus commodities, USDA also purchases and distributes to States foods that are high in nutrient density, easily and safely stored and are convenient to use and consume. The allocation of both commodities and administrative expense grants to the States is based on a formula which considers the States' unemployment level and the number of persons with incomes below the poverty level. Funds for this program are provided by direct appropriation.

Food Program Administration. This account funds Federal personnel compensation, benefits and other operating expenses of the Food and Nutrition Service. FNS administers the Food Stamp, Child Nutrition, Special Supplemental Food and other programs described above in a Federal-State partnership in which State agencies and local entities directly operate most programs. FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Agency headquarters are in Alexandria, Virginia. Regional offices are at seven locations: Boston, Massachusetts; Robbinsville, New Jersey; Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Denver, Colorado; and San Francisco, California. On September 30, 1991, FNS employed 1,906 full time permanent and 60 part time and temporary employees, of which 625 were in the headquarters office and 1,341 in the field. Of the field total, 906 employees were stationed in seven regional offices and the balance in six Food Stamp Compliance offices; one computer support center in Minneapolis, Minnesota; five Administrative Review offices; and 64 field offices. Funds for these activities are provided by direct appropriation.

USDA Nutrition Education Initiative

In 1993 USDA will feature enhanced nutrition education efforts towards the goal of using education to achieve better nutrition. The Department's Nutrition Education Initiative seeks to change the behavior and promote the nutritional well-being of Americans with a particular emphasis on educating and informing 1) children on the importance of good eating habits, and 2) limited resource adults on ways to improve their diets, spend their funds more wisely and handle food safely.

The Food and Nutrition Service (FNS) will play a major role in this initiative, along with seven other USDA agencies. FNS proposals are well aligned with the goals of the initiative for reaching children and low-income adults, with children having a primary focus. FNS is submitting three budget proposals as part of the Nutrition Education Activities area of the initiative. In summary, these proposals are for \$15 million in funding for the Nutrition Education and Training Program (NET), \$2.0 million for technical assistance and training for child nutrition program operators, and \$0.5 million for nutrition education demonstration projects for Food Stamp Program participants. In addition, FNS will work closely with the Extension Service in their efforts to provide additional nutrition education to the most at risk participants.

Nutrition Education and Training Program

A gap in current USDA nutrition education activities is a lack of emphasis on child care and preschool providers and very young children. FNS proposes funding of \$15 million for NET. Of this total, \$5.0 million will be used to expand the education and training of child care and preschool providers on preparing nutritious, economical and safe foods and using nutrition education curricula. NET aims to build good dietary habits by teaching the fundamentals of nutrition to children, school and child care food service personnel, educators and parents.

Dietary Guidelines Technical Assistance

The initiative will also assist the Department in providing the assistance to child nutrition programs needed to improve meals and follow the Dietary Guidelines for Americans. Secretary Madigan pledged in 1991 that all school districts in the country will have access to the necessary tools to meet the Dietary Guidelines for Americans in school meals by 1994. A new publication called Nutrition Guidance for Child Nutrition Programs, which is based on the 1990 Dietary Guidelines for Americans, will be released in Spring 1992. In keeping with the Secretary's pledge, FNS will launch a comprehensive effort to ensure complete dissemination and training of over 275,000 child nutrition program operators regarding this new publication. Technical assistance materials need to be developed or revised to incorporate new developments in food technology and processing. Proposed funding of \$2.0 million will increase technical assistance and implementation activities related to the Dietary Guidelines for Americans for child nutrition program operators.

Food Stamp Demonstration Grants

USDA also recognizes a special need for reaching limited resource adults. These adults need basic nutrition, food selection and

food handling information communicated in a way that is sensitive to their income and education levels and cultural preferences. FNS proposes \$0.5 million to fund grants for the development and demonstration of culturally relevant and cost effective nutrition education programs for Food Stamp Program participants that do not currently receive other nutrition education. FNS will encourage the development of educational models and materials that can be replicated in other areas. These will complement similar grants being funded through the Extension Service for \$4.0 million. The FNS grants were authorized in the FACT Act.

Special Supplemental Food Program for Women, Infants and Children (WIC)

In addition to the ongoing nutrition education activities required in the WIC program, the Extension Service, with \$12.5 million, will provide enhanced nutrition education for WIC participants identified by local WIC offices.

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1991 Actual and Estimated, 1992 and 1993

Page 1 of 2

Item	1991		1992		1993	
	Actual		Estimated		Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Child Nutrition Programs:						
Appropriation.....	\$880,698,000		\$1,393,223,000		\$2,208,147,000	
Transfer from						
Section 32.....	4,696,501,000		4,675,092,000		4,272,138,000	
Total - Child	[a]		[b]		[c]	
Nutrition Programs.....	5,577,199,000	123	6,068,315,000	135	6,480,285,000	135
Special Milk Program.....	19,268,000		23,011,000		14,898,000	
Special Supplemental						
Food Program.....	2,349,999,935		2,600,000,000		2,840,000,000	
Commodity Supplemental						
Food Program.....	81,928,000		90,000,000		90,000,000	
Food Stamp Program.....	19,576,681,000	--	22,349,975,000	13	28,000,000,000	13
Nutrition Assistance						
for Puerto Rico.....	963,395,000		1,002,175,000		1,051,000,000	
Food Donations Programs for						
Selected Groups.....	260,135,034		265,437,000		255,932,000	
The Emergency Food						
Assistance Program.....	169,997,790		165,000,000		165,000,000	
Food Program Administration						
	96,776,742	1,779	103,535,000	1,816	108,690,000	1,816
Total, Food and Nutrition						
Service Funds.....	29,095,380,501	1,902	32,667,448,000	1,964	39,005,805,000	1,964
Obligations under other						
USDA Appropriations:						
Human Nutrition Information						
Service for Administrative						
Support.....	210,000	5	210,000	5	210,000	5
Farmers Home Administration:	39,859		40,000		40,000	
Soil Conservation Service...	34,481		35,000		35,000	
Agricultural Stabilization						
and Conservation Service...	17,334		8,000		8,000	
Foreign Agriculture Service..	4,796		5,000		5,000	
Total, Other USDA						
Appropriations.....	306,470	5	298,000	5	298,000	5

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1991 Actual and Estimated, 1992 and 1993

Page 2 of 2

Item	1991		1992		1993	
	Actual		Estimated		Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Other Federal Funds:						
Army Audit Agency						
for Health and Building						
Management Services	82,500		12,000		12,000	
Total, Other Federal Funds..	82,500		12,000		12,000	
Total, Food and						
Nutrition Service.....	29,095,769,471	1,907	32,667,758,000	1,969	39,006,115,000	1,969
=====						
Full-Time Equivalent	1991		1992		1993	
Staff Years:	Actual		Estimated		Estimated	
Ceiling.....	1,907		1,969		1,969	
Non-Ceiling.....	31		37		37	
Total.....	1,938		2,006		2,006	
=====						

[a] Excludes \$112,389,386 in unobligated balances and \$67,962,527 in recoveries of PY obligations.

[b] Excludes \$68,566,722 in unobligated balances.

[c] Excludes \$9,568,722 in unobligated balances.

[d] Excludes \$4,943,758 in unobligated balances and \$1,193,979 in recoveries of PY obligations.

[e] Excludes \$4,772,623 in unobligated balances.

[f] Excludes \$7,019,623 in unobligated balances

[g] Excludes \$56,981 in unobligated balances and \$28,071,817 in recoveries of PY obligations.

[h] Excludes \$2,672,390 in unobligated balances.

[i] Excludes \$507,055 in unobligated balances and \$109,399 in recoveries of PY obligations.

[j] Excludes \$6,109,462 in unobligated balances.

[k] Excludes \$10,825,000 in funds transferred to APHIS for Tick Eradication.

[l] Excludes \$10,825,000 in funds transferred to APHIS for Tick Eradication.

[m] Excludes \$4,258 in unobligated balances.

FOOD AND NUTRITION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1991 and Estimated 1992 and 1993

	1991			1992			1993		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	0	0	0	0	0	0	0	0	0
ES-4	4	5	9	4	5	9	4	5	9
ES-3	2	1	3	3	1	4	3	1	4
ES-2	1	0	1	1	0	1	1	0	1
ES-1	2	1	3	5	1	6	5	1	6
GS/GM-15	21	7	28	21	7	28	21	7	28
GS/GM-14	65	32	97	65	32	97	65	32	97
GS/GM-13	136	83	219	137	83	220	138	83	221
GS-12	154	236	390	155	237	392	156	238	394
GS-11	134	419	553	135	420	555	136	422	558
GS-10	1		1	1		1	1		1
GS-9	27	180	207	27	181	208	27	182	209
GS-8	11	7	18	11	7	18	11	7	18
GS-7	50	89	139	50	89	139	50	90	140
GS-6	41	56	97	41	56	97	41	56	97
GS-5	37	130	167	37	131	168	37	132	169
GS-4	19	39	58	19	39	58	19	39	58
GS-3	5	6	11	5	6	11	5	6	11
GS-2	0	3	3	0	3	3	0	3	3
GS-1	0	0	0	0	0	0	0	0	0
Ungraded Positions	5	0	5	5	0	5	5	0	5
Total Permanent Positions	715	1,294	2,009	722	1,298	2,020	725	1,304	2,029
Unfilled Positions end-of-year	-22	-39	-61	-3	-4	-7	-4	-6	-10
Total, Permanent Employment, end-of-year	693	1,255	1,948	719	1,294	2,013	721	1,298	2,019
Staff-Years:									
Ceiling	683	1,224	1,907	705	1,264	1,969	705	1,264	1,969
Non-Ceiling	2	29	31	2	35	37	2	35	37
TOTAL	685	1,253	1,938	707	1,299	2,006	707	1,299	2,006

FOOD AND NUTRITION SERVICE

CLASSIFICATION BY OBJECTS

(dollars in thousands)

	Actual 1991	Estimated 1992	Estimated 1993
Personnel Compensation:			
Headquarters	28,101	30,607	32,365
Field	43,306	48,441	50,908

11 Total personnel compensation	71,407	79,048	83,273
11.1 Full-time permanent	68,784	75,465	80,026
11.3 Other than full-time permanent	1,876	2,833	2,483
11.9 Special personal services	747	750	764
12 Personnel benefits	12,381	13,941	14,787
13 Benefits for former personnel	84	73	73

Total pers. compensation and benefits	83,872	93,062	98,133

Other objects:			
21 Travel	3,754	4,565	4,332
22 Transportation of things	2,941	5,123	5,293
23.1 Rental payments to GSA			
23.2 Rental payments to others	410	443	443
23.3 Communications, utilities and misc. charges	3,451	4,258	4,370
24 Printing and reproduction	44,290	41,935	43,347
25 Other services	48,670	57,615	55,550
26 Supplies and materials (incl. commodities)	534,756	502,488	507,747
31 Equipment	4,277	1,810	1,741
32 Land and structures			
41 Grants, subsidies and contributions	27,649,479	32,307,215	33,005,449
42 Insurance claims and indemnities	8		
43 Interest and dividends	1		

Total other objects	28,292,037	32,925,452	33,628,272

Total direct obligations	28,375,909	33,018,514	33,726,405
=====			
Position Data:			
Average Salary, ES positions	96,418	99,212	99,212
Average Salary, GM/GS positions	36,427	37,885	37,899
Average Grade, GM/GS positions	10.09	10.09	10.09

FOOD AND NUTRITION SERVICE

Reports of Audits and Investigations of National Significance
Received during Fiscal Year 1991

<u>Program/Activity Reviews</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Subject</u>
<u>Reports From the Office of the Inspector General</u>			
Food Stamp	27006-2-Hy	09-30-91	Security and Accountability Over Food Stamp Printing
Food Stamp Financial Management	27600-1-Te	06-27-91	Recouping Claims and Imposing Disqualification Penalties
Food Stamp	27006-1-Te	03-19-91	Computer Match of Federal Employees
Food Stamp Management	27070-1-At	02-05-91	Debt Management Financial Initiatives
Food Stamp	27097-4-At	12-26-90	Food Stamp Program Hurricane Hugo Disaster Activities in South Carolina
Financial Management Supplemental Food Program (WIC)	27600-2-At	02-27-91	Supplemental Food Program for Women, Infants, and Children: Administrative Costs - Nationwide
Food Donations	27099-82-Ch	03-13-91	Brakebush Brothers, Inc.
Food Donations	27009-2-Ch	09-27-91	Schwan's Sales Enterprises, Inc. - Compliance with Contracted Yield Requirements
Financial Management	27099-2-FM	03-21-91	Regional Office Administered Programs Payment Systems - Boston, MA and Washington, D.C.

Reports From the General Accounting Office

Food Donations	RCED-91-81	05-31-91	To assess the quality of canned beef and pork distributed by USDA
Food Stamp Financial Management	AFMD-91-3	12-21-90	Financial Audits: Financial Statements FY 1988 and FY 1987

Financial Management	RCED-91-49	07-31-91	Strengthening Management Systems to Support Secretarial Goals
Food Donations	RCED-91-81	05-31-91	Readmitting Private NonProfit Sponsors into the Summer Food Service Program
Office of Analysis and Evaluation	RCED-91-117	07-26-91	Mismanagement of Nutrition Survey Has Resulted in Questionable Data

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,443,644	3,653,445	3,959,805	306,360
b. School Breakfast Program.....	693,801	744,385	813,540	69,155
c. Child Care and Adult Care Food Program.....	927,935	1,189,370	1,187,747	-1,623
d. Summer Food Service Program.....	179,116	189,334	203,200	13,866
e. State administrative expenses.....	63,746	69,108	77,931	8,823
TOTAL, Cash payments to States.....	5,308,242	5,845,642	6,242,223	396,581
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	253,576	203,433	212,740	9,307
b. AMS Section 32 commodities.....	350,900	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	604,476	603,433	612,740	9,307
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,085	3,835	3,085	-750
b. Nutrition education and training, section 19....	7,500	10,000	15,000	5,000
c. Child Nutrition Federal Review System.....	3,653	4,083	3,780	-303
d. Food Service Management Institute.....	1,143	1,322	1,457	135
e. Dietary Guidelines.....	0	0	2,000	2,000
TOTAL, Nutrition studies and education.....	15,381	19,240	25,322	6,082
TOTAL, Child Nutrition Programs.....	5,928,099	6,468,315	6,880,285	411,970
LESS: AMS Section 32 commodities.....	350,900	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	5,577,199	6,068,315	6,480,285	411,970
B. Special Milk Program: Cash Payments.....	19,268	23,011	14,898	-8,113
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,345,000	2,595,000	2,833,000	238,000
2. Studies and evaluations.....	5,000	5,000	7,000	2,000
TOTAL, FNS Special Supplemental Food Program Account.....	2,350,000	2,600,000	2,840,000	240,000
D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	65,542	72,000	72,000	0
2. Payments to distributing agencies for administration.....	16,386	18,000	18,000	0
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..<	81,928	90,000	90,000	0
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	81,928	90,000	90,000	0

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993

E. Food Stamp Program:				
1. Benefit costs.....	18,080,971	20,728,415	21,326,278	597,863
2. State administrative costs.....	1,261,459	1,380,489	1,428,456	47,967
3. Other program costs.....	234,251	242,071	246,266	4,195
4. Benefit Reserve.....	0	0	5,000,000	5,000,000
5. Excess state error liabilities.....	0	-1,000	-1,000	0
6. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	19,576,681	22,349,975	28,000,000	5,650,025

F. Nutrition Assistance for Puerto Rico.....	974,220	1,013,000	1,051,000	38,000

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	61,504	64,289	62,576	-1,713
b. Distributing agency administrative costs.....	16,736	17,656	18,444	788
c. Section 32 bonus commodities.....	0	0	0	
d. Section 416 bonus commodities.....	0	0	0	
TOTAL, Food Distribution Program on Reservations.....	78,240	81,945	81,020	-925
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	78,240	81,945	81,020	-925

2. Nutrition Program for the Elderly:				
a. Commodities.....	9,812	9,847	9,351	-496
b. Cash in lieu of commodities.....	140,083	141,645	133,561	-8,084
c. Section 32 Bonus Commodities.....	0	0	0	
d. Section 416 Bonus Commodities.....	0	0	0	
TOTAL, Nutrition Program for the Elderly.....	149,895	151,492	142,912	-8,580
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	149,895	151,492	142,912	-8,580

3. Commodities for Soup Kitchens.....	32,000	32,000	32,000	0

TOTAL, FNS Food Donations Programs Account.....	260,135	265,437	255,932	-9,505

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,999	120,000	120,000	0
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	49,999	45,000	45,000	0
TOTAL, The Emergency Food Assistance Program.....	169,998	165,000	165,000	0
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	169,998	165,000	165,000	0

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
J. Food Program Administration:				
1. Child nutrition/Special Milk.....	31,337	33,525	35,064	1,539
2. Supplemental feeding.....	7,926	8,479	8,869	390
3. Food stamp.....	55,463	59,336	62,461	3,125
4. Cash and commodity subsidies.....	2,051	2,195	2,296	101
TOTAL, Food Program Administration.....	96,777	103,535	108,690	5,155
GRAND TOTAL, Food Assistance.....	29,457,106	33,078,273	39,405,805	6,327,532
LESS: Section 32 commodities for Child Nutrition.....	350,900	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	29,106,206	32,678,273	39,005,805	6,327,532

FOOD AND NUTRITION SERVICE

1/29/1992

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,553,207	3,711,943	3,969,374	257,431
b. School Breakfast Program.....	693,801	744,385	813,540	69,155
c. Child Care and Adult Care Food Program.....	927,935	1,189,370	1,187,747	-1,623
d. Summer Food Service Program.....	179,116	189,334	203,200	13,866
e. State administrative expenses.....	63,363	69,108	77,931	8,823
TOTAL, Cash payments to States.....	5,417,422	5,904,140	6,251,792	347,652

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	253,576	203,433	212,740	9,307
b. AMS Section 32 commodities.....	350,859	400,000	400,000	0
c. CCC bonus commodities.....	19,032	19,032	19,032	0
d. AMS bonus commodities.....	65,274	65,274	65,274	0
TOTAL, Commodities to States.....	688,741	687,739	697,046	9,307

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)...	3,056	3,835	3,085	-750
b. Nutrition education and training, section 19....	7,500	10,000	15,000	5,000
c. Child Nutrition Federal Review System.....	3,584	4,583	3,780	-803
d. Food Service Management Institute.....	1,143	1,322	1,457	135
e. Dietary Guidelines.....	0	0	2,000	2,000
TOTAL, Nutrition studies and education.....	15,283	19,740	25,322	5,582

TOTAL, Child Nutrition Programs.....	6,121,446	6,611,619	6,974,160	362,541
LESS: AMS Section 32 commodities.....	350,859	400,000	400,000	0
CCC bonus commodities.....	19,032	19,032	19,032	0
AMS bonus commodities.....	65,274	65,274	65,274	0
TOTAL, FNS Child Nutrition Account.....	5,686,281	6,127,313	6,489,854	362,541

B. Special Milk Program: Cash Payments.....	20,425	20,764	21,918	1,154

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,372,765	2,595,000	2,833,000	238,000
2. Studies and evaluations.....	2,328	7,672	7,000	-672
TOTAL, FNS Special Supplemental Food Program Account.....	2,375,093	2,602,672	2,840,000	237,328

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	59,847	78,109	72,000	-6,109
2. Payments to distributing agencies for administration.....	16,569	18,000	18,000	0
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	25,153	20,917	22,192	1,275
SUBTOTAL, Commodity Supplemental Food Program (CSFP)...	101,569	117,026	112,192	-4,834
LESS: CCC Donations.....	25,153	20,917	22,192	1,275
TOTAL, FNS CSFP Account.....	76,416	96,109	90,000	-6,109

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
E. Food Stamp Program:				
1. Benefit costs.....	17,307,235	21,028,289	21,030,289	2,000
2. State administrative costs.....	1,198,890	1,380,489	1,428,456	47,967
3. Other program costs.....	229,744	242,071	246,266	4,195
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	-1,000	-1,000	0
6. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	18,735,869	22,649,849	22,704,011	54,162
F. Nutrition Assistance for Puerto Rico.....				
	963,395	1,002,175	1,051,000	48,825
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	61,503	60,844	62,576	1,732
b. Distributing agency administrative costs.....	16,649	17,450	18,444	994
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	3,545	3,545	3,545	0
TOTAL, Food Distribution Program on Reservations.....	81,697	81,839	84,565	2,726
LESS: Bonus commodities.....	3,545	3,545	3,545	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	78,152	78,294	81,020	2,726
2. Nutrition Program for the Elderly:				
a. Commodities.....	9,743	9,212	9,351	139
b. Cash in lieu of commodities.....	131,958	131,587	133,561	1,974
c. Section 32 Bonus Commodities.....	425	425	425	0
d. Section 416 Bonus Commodities.....	562	562	562	0
TOTAL, Nutrition Program for the Elderly.....	142,688	141,786	143,899	2,113
LESS: Bonus Commodities.....	987	987	987	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	141,701	140,799	142,912	2,113
3. Commodities for Soup Kitchens.....	32,000	32,000	32,000	0
TOTAL, FNS Food Donations Programs Account.....	251,853	251,093	255,932	4,839
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,999	120,000	120,000	0
2. CCC Bonus Commodities.....	89,305	89,305	89,305	0
3. TEFAP Administrative Expense.....	49,999	45,000	45,000	0
TOTAL, The Emergency Food Assistance Program.....	259,303	254,305	254,305	0
LESS: Bonus Commodities.....	89,305	89,305	89,305	0
TOTAL, FNS TEFAP Account.....	169,998	165,000	165,000	0

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	15,155	15,155	15,155	0
b. Section 416 commodities.....	80,032	80,032	80,032	0
2. Summer Camps				
a. Section 32 commodities.....	308	308	308	0
b. Section 416 commodities.....	2,471	2,471	2,471	0
3. Disaster Feeding				
a. Section 32 commodities.....	1,552	1,552	1,552	0
b. Section 416 commodities.....	1,015	1,015	1,015	0
TOTAL, Bonus Commodities to Other Outlets.....	100,533	100,533	100,533	0
J. Food Program Administration:				
1. Child nutrition/Special Milk.....	31,399	33,682	35,219	1,537
2. Supplemental feeding.....	7,942	8,479	8,869	390
3. Food stamp.....	55,573	59,493	62,616	3,123
4. Cash and commodity subsidies.....	2,055	2,195	2,296	101
TOTAL, Food Program Administration.....	96,969	103,849	109,000	5,151
GRAND TOTAL, Food Assistance.....	29,030,987	33,718,417	34,427,583	709,166
LESS: Section 32 commodities for Child Nutrition.....	350,859	400,000	400,000	0
AMS bonus commodities.....	82,714	82,714	82,714	0
CCC bonus commodities.....	221,115	216,879	218,154	1,275
TOTAL, FNS Accounts.....	28,376,299	33,018,824	33,726,715	707,891

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Outlays under Current Law
 (Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,417,937	3,729,507	3,934,363	204,856
b. School Breakfast Program.....	689,233	744,508	804,134	59,626
c. Child Care and Adult Care Food Program.....	919,154	1,160,161	1,192,512	32,351
d. Summer Food Service Program.....	175,477	186,975	201,314	14,339
e. State administrative expenses.....	66,277	66,738	74,313	7,575
TOTAL, Cash payments to States.....	5,268,078	5,887,889	6,206,636	318,747

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	253,576	203,433	212,740	9,307
b. AMS Section 32 commodities.....	350,859	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	604,435	603,433	612,740	9,307

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,085	3,835	3,085	-750
b. Nutrition education and training, section 19....	7,500	10,000	15,000	5,000
c. Child Nutrition Federal Review System.....	3,584	4,583	3,780	-803
d. Food Service Management Institute.....	1,143	1,322	1,457	135
e. Dietary Guidelines.....	0	0	2,000	2,000
TOTAL, Nutrition studies and education.....	15,312	19,740	25,322	5,582

TOTAL, Child Nutrition Programs.....	5,887,825	6,511,062	6,844,698	333,636
LESS: AMS Section 32 commodities.....	350,859	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	5,536,966	6,111,062	6,444,698	333,636

B. Special Milk Program: Cash Payments.....	19,900	21,112	21,748	636

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,275,176	2,606,743	2,817,530	210,787
2. Studies and evaluations.....	5,191	8,954	7,044	-1,910
TOTAL, FNS Special Supplemental Food Program Account.....	2,280,367	2,615,697	2,824,574	208,877

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	58,824	74,640	72,348	0
2. Payments to distributing agencies for administration.....	14,274	20,547	18,000	-2,547
3. Special administrative funds.....	525	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..<	73,623	95,187	90,348	-4,839
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	73,623	95,187	90,348	-4,839

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FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
E. Food Stamp Program:				
1. Benefit costs.....	17,215,032	21,032,029	21,028,288	-3,742
2. State administrative costs.....	1,246,723	1,426,865	1,424,192	-2,673
3. Other program costs.....	222,418	266,209	245,110	-21,099
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	-1,000	-1,000	0
6. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	18,684,173	22,724,103	22,696,590	-27,514
F. Nutrition Assistance for Puerto Rico.....				
	965,214	1,002,068	1,050,819	48,751
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	55,974	58,671	62,297	3,626
b. Distributing agency administrative costs.....	16,516	16,764	18,284	1,520
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	72,490	75,435	80,581	5,146
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	72,490	75,435	80,581	5,146
2. Nutrition Program for the Elderly:				
a. Commodities.....	7,272	10,200	9,329	-871
b. Cash in lieu of commodities.....	131,566	140,443	133,243	-7,200
c. Section 32 Bonus Commodities.....				
d. Section 416 Bonus Commodities.....				
TOTAL, Nutrition Program for the Elderly.....	138,838	150,643	142,572	-8,071
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	138,838	150,643	142,572	-8,071
3. Commodities for Soup Kitchens.....				
	31,964	32,108	32,000	-108
TOTAL, FNS Food Donations Programs Account.....	243,292	258,186	255,153	-3,033
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	122,005	120,000	120,000	0
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	46,297	48,413	45,000	-3,413
TOTAL, The Emergency Food Assistance Program.....	168,302	168,413	165,000	-3,413
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	168,302	168,413	165,000	-3,413

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
J. Food Program Administration:				
1. Child nutrition/Special Milk.....	30,129	32,421	36,931	4,510
2. Supplemental feeding.....	7,621	8,200	9,341	1,141
3. Food stamp.....	53,327	57,383	65,365	7,982
4. Cash and commodity subsidies.....	1,973	2,123	2,418	295
TOTAL, Food Program Administration.....	93,050	100,127	114,055	13,928
GRAND TOTAL, Food Assistance.....	28,415,746	33,495,955	34,062,985	567,030
LESS: Section 32 commodities for Child Nutrition.....	350,859	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	28,064,887	33,095,955	33,662,985	567,030

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Budget Authority at the Recommended Level
 (Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993

E. Food Stamp Program:				
1. Benefit costs.....	18,080,971	20,728,415	21,327,778	599,363
2. State administrative costs.....	1,261,459	1,380,489	1,428,456	47,967
3. Other program costs.....	234,251	242,071	246,266	4,195
4. Benefit Reserve.....	0	0	5,000,000	5,000,000
5. Excess state error liabilities.....	0	-1,000	-1,000	0
6. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	19,576,681	22,349,975	28,001,500	5,651,525

F. Nutrition Assistance for Puerto Rico.....	974,220	1,013,000	1,051,000	38,000

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	61,504	64,289	62,576	-1,713
b. Distributing agency administrative costs.....	16,736	17,656	18,444	788
c. Section 32 bonus commodities.....	0	0	0	
d. Section 416 bonus commodities.....				
TOTAL, Food Distribution Program on Reservations.....	78,240	81,945	81,020	-925
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	78,240	81,945	81,020	-925

2. Nutrition Program for the Elderly:				
a. Commodities.....	9,812	9,847	9,351	-496
b. Cash in lieu of commodities.....	140,083	141,645	133,561	-8,084
c. Section 32 Bonus Commodities.....				
d. Section 416 Bonus Commodities.....				
TOTAL, Nutrition Program for the Elderly.....	149,895	151,492	142,912	-8,580
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	149,895	151,492	142,912	-8,580

3. Commodities for Soup Kitchens.....	32,000	32,000	32,000	0

TOTAL, FNS Food Donations Programs Account.....	260,135	265,437	255,932	-9,505

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,999	120,000	120,000	0
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	49,999	45,000	45,000	0
TOTAL, The Emergency Food Assistance Program.....	169,998	165,000	165,000	0
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	169,998	165,000	165,000	0

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,443,644	3,652,172	3,965,440	313,268
b. School Breakfast Program.....	693,801	744,736	816,531	71,795
c. Child Care and Adult Care Food Program.....	927,935	1,189,370	1,189,210	-160
d. Summer Food Service Program.....	179,116	189,334	203,200	13,866
e. State administrative expenses.....	63,746	69,108	77,931	8,823
TOTAL, Cash payments to States.....	5,308,242	5,844,720	6,252,312	407,592

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	253,576	203,657	210,071	6,414
b. AMS Section 32 commodities.....	350,900	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	604,476	603,657	610,071	6,414

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,085	3,835	3,085	-750
b. Nutrition education and training, section 19....	7,500	10,000	15,000	5,000
c. Child Nutrition Federal Review System.....	3,653	4,083	3,780	-303
d. Food Service Management Institute.....	1,143	1,322	1,457	135
e. Dietary Guidelines.....	0	0	2,000	2,000
TOTAL, Nutrition studies and education.....	15,381	19,240	25,322	6,082

TOTAL, Child Nutrition Programs.....	5,928,099	6,467,617	6,887,705	420,088
LESS: AMS Section 32 commodities.....	350,900	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	5,577,199	6,067,617	6,487,705	420,088

B. Special Milk Program: Cash Payments.....	19,268	23,011	14,898	-8,113

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,345,000	2,595,000	2,833,000	238,000
2. Studies and evaluations.....	5,000	5,000	7,000	2,000
TOTAL, FNS Special Supplemental Food Program Account.....	2,350,000	2,600,000	2,840,000	240,000

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	65,542	72,000	72,000	0
2. Payments to distributing agencies for administration.....	16,386	18,000	18,000	0
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..	81,928	90,000	90,000	0
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	81,928	90,000	90,000	0

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Budget Authority at the Recommended Level
 (Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
J. Food Program Administration:				
1. Child nutrition/Special Milk.....	31,337	33,525	35,064	1,539
2. Supplemental feeding.....	7,926	8,479	8,869	390
3. Food stamp.....	55,463	59,336	62,461	3,125
4. Cash and commodity subsidies.....	2,051	2,195	2,296	101
TOTAL, Food Program Administration.....	96,777	103,535	108,690	5,155
GRAND TOTAL, Food Assistance.....	29,457,106	33,077,575	39,414,725	6,337,150
LESS: Section 32 commodities for Child Nutrition.....	350,900	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	29,106,206	32,677,575	39,014,725	6,337,150

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,553,207	3,710,670	3,975,009	264,339
b. School Breakfast Program.....	693,801	744,736	816,531	71,795
c. Child Care and Adult Care Food Program.....	927,935	1,189,370	1,189,210	-160
d. Summer Food Service Program.....	179,116	189,334	203,200	13,866
e. State administrative expenses.....	63,363	69,108	77,931	8,823
TOTAL, Cash payments to States.....	5,417,422	5,903,218	6,261,881	358,663

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	253,576	203,657	210,071	6,414
b. AMS Section 32 commodities.....	350,859	400,000	400,000	0
c. CCC bonus commodities.....	19,032	19,032	19,032	0
d. AMS bonus commodities.....	65,274	65,274	65,274	0
TOTAL, Commodities to States.....	688,741	687,963	694,377	6,414

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)...	3,056	3,835	3,085	-750
b. Nutrition education and training, section 19....	7,500	10,000	15,000	5,000
c. Child Nutrition Federal Review System.....	3,584	4,583	3,780	-803
d. Food Service Management Institute.....	1,143	1,322	1,457	135
e. Dietary Guidelines.....	0	0	2,000	2,000
TOTAL, Nutrition studies and education.....	15,283	19,740	25,322	5,582

TOTAL, Child Nutrition Programs.....	6,121,446	6,610,921	6,981,580	370,659
LESS: AMS Section 32 commodities.....	350,859	400,000	400,000	0
CCC bonus commodities.....	19,032	19,032	19,032	0
AMS bonus commodities.....	65,274	65,274	65,274	0
TOTAL, FNS Child Nutrition Account.....	5,686,281	6,126,615	6,497,274	370,659

B. Special Milk Program: Cash Payments.....	20,425	20,764	21,918	1,154

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,372,765	2,595,000	2,833,000	238,000
2. Studies and evaluations.....	2,328	7,672	7,000	-672
TOTAL, FNS Special Supplemental Food Program Account.....	2,375,093	2,602,672	2,840,000	237,328

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	59,847	78,109	72,000	-6,109
2. Payments to distributing agencies for administration.....	16,569	18,000	18,000	0
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	25,153	20,917	22,192	1,275
SUBTOTAL, Commodity Supplemental Food Program (CSFP)...	101,569	117,026	112,192	-4,834
LESS: CCC Donations.....	25,153	20,917	22,192	1,275
TOTAL, FNS CSFP Account.....	76,416	96,109	90,000	-6,109

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
.....				
E. Food Stamp Program:				
1. Benefit costs.....	17,307,235	21,028,289	21,031,789	3,500
2. State administrative costs.....	1,198,890	1,380,489	1,428,456	47,967
3. Other program costs.....	229,744	242,071	246,266	4,195
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	-1,000	-1,000	0
6. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	18,735,869	22,649,849	22,705,511	55,662
.....				
F. Nutrition Assistance for Puerto Rico.....	963,395	1,002,175	1,051,000	48,825
.....				
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	61,503	60,844	62,576	1,732
b. Distributing agency administrative costs.....	16,649	17,450	18,444	994
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	3,545	3,545	3,545	0
TOTAL, Food Distribution Program on Reservations.....	81,697	81,839	84,565	2,726
LESS: Bonus commodities.....	3,545	3,545	3,545	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	78,152	78,294	81,020	2,726
.....				
2. Nutrition Program for the Elderly:				
a. Commodities.....	9,743	9,212	9,351	139
b. Cash in lieu of commodities.....	131,958	131,587	133,561	1,974
c. Section 32 Bonus Commodities.....	425	425	425	0
d. Section 416 Bonus Commodities.....	562	562	562	0
TOTAL, Nutrition Program for the Elderly.....	142,688	141,786	143,899	2,113
LESS: Bonus Commodities.....	987	987	987	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	141,701	140,799	142,912	2,113
.....				
3. Commodities for Soup Kitchens.....	32,000	32,000	32,000	0
.....				
TOTAL, FNS Food Donations Programs Account.....	251,853	251,093	255,932	4,839
.....				
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,999	120,000	120,000	0
2. CCC Bonus Commodities.....	89,305	89,305	89,305	0
3. TEFAP Administrative Expense.....	49,999	45,000	45,000	0
TOTAL, The Emergency Food Assistance Program.....	259,303	254,305	254,305	0
LESS: Bonus Commodities.....	89,305	89,305	89,305	0
TOTAL, FNS TEFAP Account.....	169,998	165,000	165,000	0
.....				

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FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	15,155	15,155	15,155	0
b. Section 416 commodities.....	80,032	80,032	80,032	0
2. Summer Camps				
a. Section 32 commodities.....	308	308	308	0
b. Section 416 commodities.....	2,471	2,471	2,471	0
3. Disaster Feeding				
a. Section 32 commodities.....	1,552	1,552	1,552	0
b. Section 416 commodities.....	1,015	1,015	1,015	0
TOTAL, Bonus Commodities to Other Outlets.....	100,533	100,533	100,533	0
J. Food Program Administration:				
1. Child nutrition/Special Milk.....	31,399	33,682	35,219	1,537
2. Supplemental feeding.....	7,942	8,479	8,869	390
3. Food stamp.....	55,573	59,493	62,616	3,123
4. Cash and commodity subsidies.....	2,055	2,195	2,296	101
TOTAL, Food Program Administration.....	96,969	103,849	109,000	5,151
GRAND TOTAL, Food Assistance.....	29,030,987	33,717,719	34,436,503	718,784
LESS: Section 32 commodities for Child Nutrition.....	350,859	400,000	400,000	0
AMS bonus commodities.....	82,714	82,714	82,714	0
CCC bonus commodities.....	221,115	216,879	218,154	1,275
TOTAL, FNS Accounts.....	28,376,299	33,018,126	33,735,635	717,509

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,417,937	3,728,407	3,939,059	210,652
b. School Breakfast Program.....	689,233	744,811	806,766	61,955
c. Child Care and Adult Care Food Program.....	919,154	1,160,161	1,193,776	33,615
d. Summer Food Service Program.....	175,477	186,975	201,314	14,339
e. State administrative expenses.....	66,277	66,738	74,313	7,575
TOTAL, Cash payments to States.....	5,268,078	5,887,092	6,215,228	328,136
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	253,576	203,657	210,071	6,414
b. AMS Section 32 commodities.....	350,859	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	604,435	603,657	610,071	6,414
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)...	3,085	3,835	3,085	-750
b. Nutrition education and training, section 19....	7,500	10,000	15,000	5,000
c. Child Nutrition Federal Review System.....	3,584	4,583	3,780	-803
d. Food Service Management Institute.....	1,143	1,322	1,457	135
e. Dietary Guidelines.....	0	0	2,000	2,000
TOTAL, Nutrition studies and education.....	15,312	19,740	25,322	5,582
TOTAL, Child Nutrition Programs.....	5,887,825	6,510,489	6,850,621	340,132
LESS: AMS Section 32 commodities.....	350,859	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	5,536,966	6,110,489	6,450,621	340,132
B. Special Milk Program: Cash Payments.....	19,900	21,112	21,748	636
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,275,176	2,606,743	2,817,530	210,787
2. Studies and evaluations.....	5,191	8,954	7,044	-1,910
TOTAL, FNS Special Supplemental Food Program Account.....	2,280,367	2,615,697	2,824,574	208,877
D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	58,824	74,640	72,348	-2,292
2. Payments to distributing agencies for administration.....	14,274	20,547	18,000	-2,547
3. Special administrative funds.....	525	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)...	73,623	95,187	90,348	-4,839
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	73,623	95,187	90,348	-4,839

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
E. Food Stamp Program:				
1. Benefit costs.....	17,215,032	21,032,029	21,029,785	-2,244
2. State administrative costs.....	1,246,723	1,426,865	1,424,192	-2,673
3. Other program costs.....	222,418	266,209	245,110	-21,099
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	-1,000	-1,000	0
6. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	18,684,173	22,724,103	22,698,087	-26,016
F. Nutrition Assistance for Puerto Rico.....				
	965,214	1,002,068	1,050,819	48,751
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	55,974	58,671	62,297	3,626
b. Distributing agency administrative costs.....	16,516	16,764	18,284	1,520
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	72,490	75,435	80,581	5,146
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	72,490	75,435	80,581	5,146
2. Nutrition Program for the Elderly:				
a. Commodities.....	7,272	10,200	9,329	-871
b. Cash in lieu of commodities.....	131,566	140,443	133,243	-7,200
c. Section 32 Bonus Commodities.....				
d. Section 416 Bonus Commodities.....				
TOTAL, Nutrition Program for the Elderly.....	138,838	150,643	142,572	-8,071
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	138,838	150,643	142,572	-8,071
3. Commodities for Soup Kitchens.....				
	31,964	32,108	32,000	-108
TOTAL, FNS Food Donations Programs Account.....	243,292	258,186	255,153	-3,033
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	119,999	120,000	120,000	0
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	48,302	48,413	45,000	-3,413
TOTAL, The Emergency Food Assistance Program.....	168,302	168,413	165,000	-3,413
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	168,302	168,413	165,000	-3,413

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1991 Actual	1992 Estimate	1993 Estimate	Change 1992-1993
I. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
J. Food Program Administration:				
1. Child nutrition/Special Milk.....	30,129	32,421	36,931	4,510
2. Supplemental feeding.....	7,621	8,200	9,341	1,141
3. Food stamp.....	53,327	57,383	65,365	7,982
4. Cash and commodity subsidies.....	1,973	2,123	2,418	295
TOTAL, Food Program Administration.....	93,050	100,127	114,055	13,928
GRAND TOTAL, Food Assistance.....	28,415,746	33,495,382	34,070,405	575,023
LESS: Section 32 commodities for Child Nutrition.....	350,859	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	28,064,887	33,095,382	33,670,405	575,023

FOOD AND NUTRITION SERVICE

The estimate includes appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

State Child Nutrition [Programs] Payments
(Including Transfers of Funds):

For necessary expenses to carry out the National School Lunch Act (42 U.S.C. 1751-1769b), and the applicable provisions other than sections 3 and 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1773-1785, and 1788-1789); [\$6,068,315,000] \$6,480,285,000 to remain available through September 30, [1993] 1994, of which [\$1,393,223,000] \$2,208,147,000 is hereby appropriated and [\$4,675,092,000] \$4,272,138,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): Provided, That the Secretary shall reduce the reimbursement factors which would otherwise be in effect for family day care homes by 40 cents for lunches and suppers, 30 cents for breakfasts, and 20 cents for supplements; except that no reduction shall be made for meals and supplements served to children who are determined to be eligible for free or reduced price meals under section 9(b)(3) of the National School Lunch Act (42 U.S.C. 1758(b)(3)): Provided further, That funds appropriated for the purpose of section 7 of the Child Nutrition Act of 1966 shall be allocated among the States but the distribution of such funds to an individual State is contingent upon that State's agreement to participate in studies and surveys of programs authorized under the National School Lunch Act and the Child Nutrition Act of 1966, when such studies and surveys have been directed by the Congress and requested by the Secretary of Agriculture: Provided further, That if the Secretary of Agriculture determines that a State's administration of any program under the National School Lunch Act or the Child Nutrition Act of 1966 (other than section 17), or the regulations issued pursuant to these Acts, is seriously deficient, and the State fails to correct the deficiency within a specified period of time, the Secretary may withhold from the State some or all of the funds allocated to the State under section 7 of the Child Nutrition Act of 1966 and under section 13(k)(1) of the National School Lunch Act; upon a subsequent determination by the Secretary that the programs are operated in an acceptable manner some or all of the funds withheld may be allocated: Provided further, That only final reimbursement claims for service of meals, supplements, and milk submitted to State agencies by eligible schools, summer camps, institutions, and service institutions within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act for meals, supplements, and milk served during any month only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary: Provided further, That up to [\$4,083,000] \$3,780,000 shall be available for independent verification of school food service claims: Provided further, that [\$1,322,000] \$1,457,000 shall be available to operate the Food Service Management Institute: Provided further, That notwithstanding any other provisions of section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1778), of the funds hereby appropriated for the Nutrition Education and Training Program for fiscal year 1993, \$5,000,000 shall be directed to efforts to improve the understanding of the principles of good nutrition and their relationship to health among pre-school children participating or eligible to participate in the Head Start and Child and Adult Care Food Programs.

The first change deletes matters pertaining to Fiscal Year 1992 and inserts appropriate information for Fiscal Year 1993.

The second change restructures reimbursement rates in family day care homes operating in the Child and Adult Care Food Program (CACFP) with an optional means test for free meal reimbursements. This change makes the CACFP a better targeted program by distributing benefits more equitably between child care centers and family day care homes. This change will save about \$200 million in Fiscal Year 1993.

The third and fourth changes delete matters pertaining to Fiscal Year 1992 and insert appropriate information for Fiscal Year 1993.

The fifth change directs the use of a portion of the funds requested for the Nutrition Education and Training Program to expand the education and training of child care and preschool providers on preparing nutritious, economical and safe foods using nutrition education curricula.

CHILD NUTRITION PROGRAMS - CURRENT LAW

Appropriation Act, 1992.....	\$6,068,315,000
Budget Request, 1993 ^a /.....	<u>6,480,285,000</u>
Increase in Appropriation.....	<u>+411,970,000</u>

CHILD NUTRITION PROGRAMS - PROPOSED LEGISLATION

Budget Request, Current Law, 1993 ^a /.....	\$6,480,285,000
Change due to proposed legislation.....	<u>+7,420,000</u>
Net request, President's 1993 Budget Request.....	<u>6,487,705,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
School lunch program.....	3,653,445,000	--	+\$306,360,000	\$3,959,805,000
School breakfast program.....	744,385,000	--	+69,155,000	813,540,000
Child and adult care food program.	1,189,370,000	--	-1,623,000	1,187,747,000
Summer food service program.....	189,334,000	+\$55,000	+13,811,000	203,200,000
State administrative expenses.....	69,108,000	+ 55,000	+8,768,000	77,931,000
Commodity procurement ^b /	203,433,000	--	+9,307,000	212,740,000
Coord. Review System	4,083,000	+192,000	-495,000	3,780,000
Nutrition studies and surveys.....	3,835,000	--	-750,000	3,085,000
Nutrition education and training.....	10,000,000	--	+5,000,000	15,000,000
Food Service Management Inst.	1,322,000	--	+135,000	1,457,000
Dietary Guidelines	--	--	+2,000,000	2,000,000
Total Appropriation	6,068,315,000	+302,000	+411,668,000	6,480,285,000
Proposed Legislation	<u>-698,000</u>			<u>+7,420,000</u>
Total Available, President's Budget^c	<u>6,067,617,000</u>			<u>6,487,705,000</u>

^a/ The Budget request assumes the enactment of discretionary appropriations language which results in a reduction of \$200,318,000.

^b/ In addition, \$400.0 million is available in Fiscal Years 1992 and 1993 for entitlement commodity procurement from Section 32.

^c/ The level of available funding in Fiscal Year 1992 assumes the implementation of proposed legislation on July 1, 1992, with resulting decrease of \$698,000.

PROJECT STATEMENT - CURRENT LAW
(On basis of appropriation)

Project	1991		1992		Increase or Decrease	1993	
	Actual Amount	SYS	Estimated Amount	SYS		Estimated Amount	SYS
1. Cash payments to States:							
(a) School lunch program:							
(1) Above 185% of poverty.....	\$316,815,000		\$336,117,000		+28,185,000	364,302,000	
(2) 130-185% of poverty.....	361,583,000		372,651,000		+31,249,000	403,900,000	
(3) Below 130% of poverty.....	2,765,245,423		2,944,677,000		+246,926,000	3,191,603,000	
Total, School Lunch:	3,443,643,423		3,653,445,000		+306,360,000	3,959,805,000	
(b) School Breakfast program:							
(1) Above 185% of poverty.....	19,357,045		20,768,000		+1,930,000	22,698,000	
(2) 130-185% of poverty.....	27,960,176		29,999,000		+2,787,000	32,786,000	
(3) Below 130% of poverty.....	646,483,690		693,618,000		+64,438,000	758,056,000	
Total, School Breakfast.....	693,800,911		744,385,000		+69,155,000	813,540,000	
(c) Child and adult care food program:							
(1) Meal Service:							
(a) Above 185% of poverty.....	389,596,964		504,251,000		-83,947,000	420,304,000	
(b) 130-185% of poverty.....	32,084,456		40,558,000		-21,757,000	18,801,000	
(c) Below 130% of poverty.....	495,017,318		628,595,000		+101,408,000	730,003,000	
Subtotal.....	916,698,738		1,173,404,000		-4,296,000	1,169,108,000	
(2) Audit expense.....	11,236,786		15,966,000		+2,673,000	18,639,000	
Total, Child and adult care food program	927,935,524		1,189,370,000		-1,623,000	1,187,747,000	a/
(d) Summer food service program.....	179,116,100	33	189,334,000	35	+13,866,000	203,200,000	35
(e) State Administrative expenses.....	63,746,000	29	69,108,000	30	+8,823,000	77,931,000	30
2. Commodity procurement:							
(a) Commodities.....	215,121,986		164,781,000		+7,538,000	172,319,000	
(b) Cash in lieu of commodities.....	38,454,056		38,652,000		+1,769,000	40,421,000	
Total, Commodity procurement.....	253,576,042		203,433,000		+9,307,000(6)	212,740,000	
3. Coord. Review System	3,653,000	61	4,083,000	70	-303,000(7)	3,780,000	70
4. Nutrition Studies and education:							
(a) Nutrition Studies and surveys.....	3,085,000		3,835,000		-750,000	3,085,000	

Project	1991 Actual Amount	SYS	1992 Estimated Amount	SYS	Increase or Decrease	1993 Estimated Amount	SYS
(b) Nutrition education and training.....	7,500,000		10,000,000		+5,000,000	15,000,000	
(c) Food Service Mgmt Institute...	1,143,000		1,322,000		+135,000	1,457,000	
(d) Dietary Guidelines:	--		--		+2,000,000	2,000,000	
Total, Nutrition studies and education:	11,728,000		15,157,000		+6,385,000	21,542,000	
Total, Appropriation	5,577,199,000	123	6,068,315,000	135	+411,970,000	6,480,285,000	135
Proposed Legislation..			-698,000			+7,420,000	
President's Budget/							
Budget Estimates....			6,067,617,000	b/		6,487,705,000	

a/ This amount assumes the enactment of discretionary appropriation language which results in a reduction of \$200,318,000.

b/ The level of available funding in Fiscal Year 1992 assumes the implementation of proposed legislation on July 1, 1992, with resulting decrease of \$698,000.

PROJECT STATEMENT - CURRENT LAW
(On basis of available funds)

Project	1991 Actual Amount	SYS	1992 Estimated Amount	SYS	Increase or Decrease	1993 Estimated Amount	SYS
1. Cash payments to States:							
(a) School lunch program:							
(1) Above 185% of poverty.....	\$326,895,000		\$341,499,000		+23,683,000	365,182,000	
(2) 130-185% of poverty.....	362,427,000		378,618,000		+26,259,000	404,877,000	
(3) Below 130% of poverty.....	2,863,885,247		2,991,826,000		+207,488,722	3,199,314,722	
Total, School Lunch:	3,553,207,247		3,711,943,000		+257,430,722	3,969,373,722	
(b) School Breakfast program:							
(1) Above 185% of poverty.....	19,357,045		20,768,000		+1,930,000	22,698,000	
(2) 130-185% of poverty.....	27,960,176		29,999,000		+2,787,000	32,786,000	
(3) Below 130% of poverty.....	646,483,690		693,618,000		+64,438,000	758,056,000	
Total, School Breakfast.....	693,800,911		744,385,000		+69,155,000	813,540,000	
(c) Child and adult care food program:							
(1) Meal Service:							
(a) Above 185% of poverty.....	389,596,964		504,251,000		-83,947,000	420,304,000	

Project	1991 Actual Amount	SYS	1992 Estimated Amount	SYS	Increase or Decrease	1993 Estimated Amount	SYS
(b) 130-185% of poverty.....	32,084,456	:	40,558,000	:	-21,757,000	18,801,000	:
(c) Below 130% poverty.....	495,017,318	:	628,595,000	:	+101,408,000	730,003,000	:
Subtotal.....	916,698,738	:	1,173,404,000	:	-4,296,000	1,169,108,000	:
(2) Audit expense.....	11,236,786	:	15,966,000	:	+2,673,000	18,639,000	:
Total, Child and adult care food program	927,935,524	:	1,189,370,000	:	-1,623,000	1,187,747,000	a/
(d) Summer food service program.....	179,116,100	33:	189,334,000	35:	+13,866,000	203,200,000	35
(e) State Administrative expenses.....	63,362,604	29:	69,108,000	30:	+8,823,000	77,931,000	30
2. Commodity procurement		:		:			:
(a) Commodities.....	215,121,986	:	164,781,000	:	+7,538,000	172,319,000	:
(b) Cash in lieu of commodities.....	38,454,056	:	38,652,000	:	+1,769,000	40,421,000	:
Total, Commodity procurement.....	253,576,042	:	203,433,000	:	+9,307,000(6)	212,740,000	:
3. Coord. Review System	3,583,974	61:	4,583,000	70:	-803,000(7)	3,780,000	70
TOTAL, Nutrition Studies and education:		:		:			:
(a) Nutrition Studies and surveys.....	3,056,073	:	3,835,000	:	-750,000	3,085,000	:
(b) Nutrition education training.....	7,500,000	:	10,000,000	:	+5,000,000	15,000,000	:
(c) Food Service Mgmt Institute.....	1,143,000	:	1,322,000	:	+135,000	1,457,000	:
(d) Dietary Guidelines	--	:	--	:	+2,000,000	2,000,000	:
TOTAL, Nutrit. Studies and education.....	11,699,073	:	15,157,000	:	-6,385,000(8)	21,542,000	:
TOTAL, Obligations.....	5,686,281,475	123:	6,127,313,000	135:	+362,540,722	6,489,853,722	135
Recovery of prior year obligations.....	-67,962,527	:		:			:
Unobligated balances:		:		:			:
Available Start of Year	-112,389,386	:	-68,566,722	:	+58,998,000	-9,568,722	:
Available End of Year..	+68,566,722	:	+9,568,722	:	-9,568,722	--	:
Expiring.....	+2,702,716	:	--	:	--	--	:
Total, Appropriation....	5,577,199,000	:	6,068,315,000	:	+411,970,000	6,480,285,000	:
Proposed Legislation....		:	-698,000	:		+7,420,000	:
President's Budget/		:		:			:
Budget Estimates.....		:	6,067,617,000	b/ :		6,487,705,000	:

a/ This amount assumes the enactment of discretionary appropriation language which results in a reduction of \$200,318,000.

b/ The level of available funding in Fiscal Year 1992 assumes the implementation of proposed legislation on July 1, 1992, with resulting decrease of \$698,000.

EXPLANATION OF PROGRAM

Overview of Program Development. The Child Nutrition Programs, authorized by the National School Lunch Act (NSLA) and the Child Nutrition Act of 1966, subsidize meals served to children in schools and in a variety of other institutions.

The Child Nutrition Programs have their origins in commodity distribution programs operated in the 1930's. In 1946, the NSLA established the National School Lunch Program "to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities."

In 1966, Congress expanded the availability of Federal food assistance for children by providing for a pilot breakfast program, which was made a permanent program in 1975. Meal service was extended to pre-school age children in child care in 1968. In 1969, Congress made provisions to assist feeding programs in serving meals to children for free or at a reduced price to children who met certain income eligibility guidelines. A Summer Food Service Program was initiated in 1968 to serve low income children while school was out of session. The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) reauthorized the Summer Food Service Program, State Administrative Expenses, the Commodity Distribution Program and the Nutrition Education and Training Program through 1994.

Eligibility and Benefits. A general description of eligibility for and benefits of the programs follows.

1. Cash Payments to States. The programs are operated under an agreement entered into by the State agencies and the Department. Funds are made available by letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies and, if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreements and the rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for Food Away From Home as provided for in Section 11 of the NSLA.

(a) National School Lunch Program. Assistance is provided to the States for the service of lunches and snacks to children in participating schools and institutions, regardless of household income. Additional assistance is provided to the States for serving lunches and snacks free or at a reduced price to needy children. States must match a portion of the Federal cash grant. Schools which, in the second previous school year, served at least 60 percent of their lunches at free or reduced prices receive an additional two cents per meal assistance. About one-third of all lunches served in Fiscal Year 1991, or 1.3 billion, received an additional \$0.02 subsidy.

(b) School Breakfast Program. Federal reimbursement is based on the number of breakfasts served to children from low, lower or upper income families. Schools that served at least 40 percent of their lunches at free or reduced prices in the second preceding year and had unusually high preparation costs which exceeded regular breakfast per meal reimbursement, receive higher subsidies in both the free and reduced price categories. FNS also provides expansion grants as authorized by P.L. 101-147, the Child Nutrition and WIC Reauthorization Act of 1989.

(c) Child and Adult Care Food Program (CACFP). Nonprofit child care centers and family and group day care homes receive subsidies for meals served to preschool and other children. Profit-making child care centers receiving

compensation under Title XX of the Social Security Act may participate in the program if 25 percent of the children served are Title XX participants. Certain adult day care centers are also eligible for participation in this program. The aim of the centers is to care for the needs of the functionally impaired. However, these centers may also provide subsidized meals to non-impaired individuals, providing they are 60 years or older. They must be nonprofit unless they receive compensation under Title XIX or Title XX of the Social Security Act for at least 25 percent of their enrollees. The Child and Adult Care Food Program reimburses State agencies at varying rates for breakfasts, lunches, suppers and meal supplements.

(d) Summer Food Service Program. Meals served free to children in low-income neighborhoods during the summer months are supported on a per-meal basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses.

The Child Nutrition and WIC Reauthorization Act of 1989 added a new section (q) to Section 13 of the NSLA which requires the Secretary to "establish a system under which the Secretary and States shall monitor the compliance of private nonprofit organizations". In recognition of the vulnerability of this class of summer program sponsors to program abuse, 1/2 of 1 percent of the funds appropriated are authorized to carry out this function.

The Food and Nutrition Service will monitor high risk sponsors using federal reviewers during the summer months. This strategy will enable each of the seven regional offices to concentrate on these sponsors during the periods of operation. Headquarters staff will provide support for the review guides and resource planning. As in federal reviews of the National School Lunch Program, nationally consistent review procedures will be used in all regional office reviews. All materials will be made available to State Agencies administering the program to assure consistent procedures. The goal will be to perform a review of every private nonprofit sponsor/site in the program. Priority will be given to the largest sponsors and sites for review. Reviews will be coordinated with State Agencies to the maximum extent practical. State plan and sponsor agreement information will be used to identify sponsors for review. Follow-up reviews and corrective action will be carefully coordinated with State Agencies.

(e) State Administrative Expenses. These funds may be used for State employee salaries, benefits, support services and office equipment. The total amount of State Administrative Expenses available for allocation to States is equal to 1.5 percent of Federal cash program payments for the National School Lunch, School Breakfast, Child and Adult Care Food and Special Milk Programs in the second previous fiscal year. Some States are prohibited by law and some States choose not to administer the programs in private schools and institutions. In these States, FNS directly administers the programs through its regional offices.

2. Commodity Procurement. Entitlement commodities and cash-in-lieu thereof required under section 6(e) of the National School Lunch

Act (NSLA) are provided from two sources: funds appropriated to the Child Nutrition Programs and funds available to the Agriculture Marketing Service (AMS) under section 32 of the Act of August 24, 1935. Commodities are purchased for distribution to the School Lunch, Child and Adult Care Food and Summer Food Service Programs. The minimum, or "entitlement" commodity support rate for all school lunch and child care center lunches and suppers served is mandated by section 6(e) of the National School Lunch Act and is adjusted annually on July 1 to reflect changes in the Producer Price Index for Food Used in Schools and Institutions.

Section 32. This authority provides for purchase of perishable non-price support commodities when it is necessary to stabilize market conditions. Within the constraints of market conditions, seasonality of crops, and other factors, these purchases are planned so that commodities are delivered to schools on a regular basis throughout the year. The typical commodities purchased include meat, poultry, fish, fruits and vegetables.

Section 6(e) of the National School Lunch Act. Although market considerations play a role, this authority can be used to purchase price support and non-price support commodities based on recipient need and preference. Section 6(e) funds are used to provide schools with some of the perishable foods, such as meat, as well as non-perishable price support commodities (grains, oil, and peanut products) that they need. In addition, section 6(e) funds are used to provide cash-in-lieu of commodities when authorized by law. The areas currently receiving cash-in-lieu of commodities are schools in Kansas, the sites which participated in the study of alternatives to commodity donation and which received commodity assistance in the form of cash-in-lieu of commodity letters of credit, adult care centers and child care centers which may elect to receive all of their commodity entitlement in cash.

Bonus Commodities. In addition to entitlement commodities, when supplies permit, "bonus" commodities are provided to schools and institutions. Outlets can obtain as much of some bonus commodities as they can use without waste; other bonus commodities are offered on a limited basis. These commodities are purchased by AMS and the Commodity Credit Corporation (CCC) and then donated to FNS for distribution. The two sources of bonus commodities are the Price Support Program and the Surplus Removal Program.

Price Support Program. When the Commodity Credit Corporation (CCC) acquires significant inventories of price support commodities, section 416 of the Agricultural Act of 1949 authorizes the CCC to donate commodities from its inventory to schools and other institutions. During Fiscal Year 1991, the Department donated butter, honey, corn meal and flour.

Surplus Removal Program. Under the provisions of Section 32, funds are available for emergency surplus removal purchases. The Secretary of Agriculture determines when perishable commodities such as fruits and vegetables should be purchased and donated to schools and institutions under this surplus removal authority.

3. Coordinated Review System

In cooperation with State agencies, FNS participates in local reviews of the National School Lunch Program to monitor the accuracy of local and State meal service data, and provides training and technical support to schools to help improve local program accountability. In Fiscal Year 1992, FNS will be providing training to States to implement regulations published in July 1991.

4. Nutrition Studies and Education

(a) Nutrition Studies and Surveys. Section 6(a)(3) of the NSLA authorizes the use of Child Nutrition Program funds for nutrition studies and surveys. The purpose of these studies and surveys is to provide descriptive and evaluative information about the programs in order to make informed decisions and improve program operations.

(b) Nutrition Education and Training (NET). This program, established in 1977 by P.L. 95-166, the National School Lunch Act and Child Nutrition Amendments of 1977, has provided funds to State agencies for the development of comprehensive nutrition education and information programs for children participating in or eligible for school lunch and related child nutrition programs. NET provides direct educational benefits to children. The program goals for NET include the instruction of educators and students in the fundamentals of nutrition and training of school food service personnel in nutrition and food service management to help build good food habits. Nutrition education resources and curricula are identified, developed and disseminated through NET.

(c) Food Service Management Institute (FSMI). A Food Service Management Institute has been established in Mississippi to provide instruction for educators and school food service personnel in nutrition and food service management.

(d) Dietary Guidelines is a new item in 1993 under which the Dietary Guidelines for Americans would be implemented in the Child Nutrition Programs.

State/Federal Responsibilities. The Child Nutrition Programs are operated through a State/Federal partnership under agreements signed by State educational, agricultural, social service or health agencies and FNS. Through this Federal/State partnership, FNS has agreements with 85 State agencies. There are over 20,000 School Food Authorities which oversee the activities of over 92,000 schools, over 40 percent of which offer both lunch and breakfast. Typical sponsors include School Food Authorities and local county or municipal governments. Currently there are over 2,500 sponsors for the Summer Food Service Program and over 10,700 sponsors of the Child and Adult Care Food Program (CACFP). There are currently about 169,000 child care centers and family day care homes participating in the CACFP.

FNS provides cash reimbursements for meals served by type and ensures that appropriate commodities are delivered on a timely basis. FNS also provides funds to help defray State administrative expenses. FNS also promulgates rules implementing the programs as defined by statute, including specifying nutritional requirements for the meals (i.e., meal patterns), meal counting and reporting procedures to ensure confidentiality of free and reduced price meal recipients while

assuring accurate counts; requirements for cash and facilities management; and other administrative requirements.

Some States are prohibited by law and some States chose not to administer the programs in private schools and institutions. In these States, FNS directly administers the programs through its regional offices.

JUSTIFICATION OF INCREASES AND DECREASES

The Fiscal Year 1993 request for the Child Nutrition Programs reflects an increase of \$378,560,000.

- (1) An increase of \$306,360,000 in the appropriation for the School Lunch Program (\$3,653,445,000 budgeted in 1992). On the basis of available funds, there is an increase of \$257,430,722 (\$3,711,943,000 available in 1992).

Need for Change. The total number of school lunches is expected to increase by 33 million in Fiscal Year 1993 due to increased school enrollment. The projected rise in reimbursement rates on July 1 reflecting increases in the Consumer Price Index (CPI) for Food Away from Home will contribute to the need for increased funding.

Nature of Change. A funding level of \$3,959,805,000 will be needed in Fiscal Year 1993 for the School Lunch Program to provide full reimbursement for meals served.

School Lunch Program. Funding for the National School Lunch Program excluding commodities, is projected at \$3.9 billion in Fiscal Year 1993. This represents an increase of more than 8 percent over the 1992 current services level of \$3.7 billion. Total meals are projected to increase by about 1 percent over the Fiscal Year 1992 level, however, the proportion served to needy children will increase from 51 to 52 percent.

School Lunch Program Program Performance Data

	<u>1991 Actual</u>	<u>1992 Estimate</u>	<u>1993 Estimate</u>	<u>Change</u>
Meals served (millions):				
Above 185% of poverty--	2,006	1,976	1,940	-36
130%-185% of poverty---	291	306	319	+13
below 130% of poverty--	<u>1,736</u>	<u>1,783</u>	<u>1,839</u>	<u>+56</u>
	4,033	4,065	4,098	+33
Average participation (millions)-----	24.15	24.34	24.54	+ .20
Average subsidy per meal (cents):				
Above 185% of poverty--	15.6	16.1	16.6	+0.5
130%-185% of poverty---	106.0	111.1	117.2	+6.1
Below 130% of poverty--	146.1	151.2	157.4	+6.2
Commodities-----	14.0	14.0	14.0	
PROGRAM TOTAL (million)----	\$3,553	\$3,712	\$3,969	+257

- (2) An increase of \$69,155,000 in the appropriation for the School Breakfast Program (\$744,385,000 available in 1992).

Need for Change. An increase of 44 million meals is projected for Fiscal Year 1993. This increase is due in part to School Breakfast Program expansion grants which are funded at \$5 million in 1992. The projected rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation of \$813,540,000 will be needed in Fiscal Year 1993 for the School Breakfast Program.

School Breakfast Program. The current services level of funding for the School Breakfast Program is projected at \$813 million for Fiscal Year 1993. This is an increase of about 9.3 percent over the current services estimate for Fiscal Year 1992. The number of meals projected for Fiscal Year 1993 is 862 million. This represents an increase of 5.3 percent over the 1992 current services level. Expansion grants amounting to \$5 million a year are being made available to States for Breakfast outreach programs. The total number of outlets increased by about 7.6 percent between Fiscal Year 1990 and Fiscal Year 1991.

School Breakfast Program
Program Performance Data

	1991 <u>Actual</u>	1992 <u>Estimate</u>	1993 <u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Above 185% of poverty--	98	109	115	+6
130%-185% of poverty---	43	43	45	+2
Below 130% of poverty--	<u>625</u>	<u>666</u>	<u>702</u>	<u>+36</u>
	766	818	862	+44

School Breakfast Program
Program Performance Data

Average participation (millions)-----	4.6	4.9	5.2	.3
Average subsidy per meal (cents): 1/				
Paid-----	18.3	18.6	19.1	+0.5
Reduced price:				
Regular-----	60.5	63.6	67.1	+3.5
Severe need-----	77.3	80.9	85.0	+4.1
Free:				
Regular-----	90.3	93.4	97.0	+3.6
Severe need-----	107.3	110.9	115.0	+4.1
PROGRAM TOTAL (millions)-	\$694	\$744	\$813	+\$69

- 1/ Paid reimbursements are for meals served to children from families with income over 185% of poverty, reduced price reimbursements are for children from families with income between 130% and 185% of poverty, and meals are served free to children from families with income below 130% of poverty.

- (3) An decrease of \$1,623,000 in the appropriation for the Child and Adult Care Food Program (\$1,189,370,000 available in 1992).

Need for Change. Under current law an increase of 148 million meals is projected for Fiscal Year 1993 in child care centers, family day care homes (FDCH) and adult day care centers. This change is the result of program growth driven by expansion in the Head Start Program.

Under proposed appropriations language, reimbursement rates in the Child and Adult Care Feeding Program (CACFP) would be restructured to better target funds to low-income children and reduce non-means-tested subsidies to upper income children. Currently, all meals served in family day care homes (FDCHs) are reimbursed at the same rate regardless of the level of household income and despite the fact that 70 percent of program participants are from households with incomes above 185 percent of poverty. Rates in child care centers are tied to the child's household income. Under the proposal, meals served to children from households above 185 percent of poverty would be reimbursed at a lower rate. FDCHs would have the option of taking applications and receiving the current reimbursement for children from households below 185 percent of poverty. FDCHs that choose not to exercise the option would receive the lower rate for all children.

Nature of Change. Under current law, a funding level of \$1,187,747,000 would be needed in Fiscal Year 1993 in the CACFP to provide full reimbursement for meals served. Program benefits to children and adults from homes with incomes above 185 percent of poverty would decrease \$83,947,000 from \$504,251,000 in 1992 to \$420,304,000. Benefits to those from homes with incomes between 130 percent and 185 percent of poverty would decrease \$21,757,000 from \$40,558,000 in 1992 to \$18,801,000. These decreases would be largely offset by an increase of \$101,408,000 in benefits to children and adults from homes with incomes below 130 percent of poverty, from \$628,595,000 in 1992 to \$730,003,000. Program audits would increase by \$2,673,000, from \$15,966,000 in 1992 to \$18,639,000.

The restructuring of FDCH reimbursement rates through appropriations language is included in the changes stated above and would save \$200,318,000. Restructuring of reimbursement rates would:

- o Ensure current FDCH reimbursements continue for meals served to children from households at or below 185 percent of poverty if determined eligible for free or reduced price meals.
- o reduce lunch rates by 40 cents, breakfast rates by 30 cents and snack rates by 20 cents.

CHILD AND ADULT CARE FOOD PROGRAM
PROGRAM PERFORMANCE DATA

	1991	1992	1993	Change
Meals Served (millions):				
Centers:				
Above 185% of poverty	164	172	177	+5
130% - 185% of poverty	44	47	48	+1
Below 130% of poverty	<u>301</u>	<u>422</u>	<u>507</u>	<u>+85</u>
	509	641	733	+91
Family Day Care Homes	543	645	701	+56
Average Subsidy Per Meal(cents):				
Centers:				
Above 185% of poverty	15.8	16.1	16.3	
130% - 185% of poverty	82.2	86.3	91.2	
Below 130% of poverty	112.3	116.3	120.9	
Family Day Care Homes	105.1	108.7	81.29 >185% 111.45 <185%	
Commodities	14.0	14.0	14.0	
PROGRAM TOTAL (MILLIONS)	\$928	\$1,189	\$1,188	

Proposed Language

Proposed language will result in the following new reimbursement rates for Family Day Care Homes:

	> 185% poverty	< 185% poverty
Lunch	108.00	148.00
Breakfast	51.50	81.50
Supplements	24.25	44.25

CASH PAYMENTS

TOTAL PROGRAM, FY 1993 \$1,188 million

- (4) An increase of \$13,866,000 in the appropriation for the Summer Food Service Program (\$189,334,000 available in 1992). The increase consists of:

(a) an increase of \$55,000 for pay costs which consists of \$12,375 for annualization of Fiscal Year 1992 pay raise and \$42,625 for part of the Fiscal Year 1993 pay raise.

(b) an increase of \$13,811,000 for the Summer Food Service Program.

Need for Change. An increase of 2.2 million meals is projected for Fiscal Year 1993 for a total of 99.8 million meals. The projected rise in the reimbursement rate on January 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation of \$203,200,000 will be needed in the Summer Food Service Program in Fiscal Year 1993 to provide full reimbursement for meals served and continuation of program operations.

The Summer Food Service Program estimate of \$203.2 million for Fiscal Year 1993 provides for an increase of slightly more than 7 percent over the 1992 level.

Federal Reviews of private nonprofit sponsors and sites are planned for this summer. An estimated 300 private nonprofit sponsors and 600 sites will be reviewed by Federal personnel.

Summer Food Service Program
Program Performance Data

	1991 <u>Actual</u>	1992 <u>Estimate</u>	1993 <u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Summer Food Program----	96.4	97.6	99.8	+2.2
Average subsidy per meal (cents):				
Summer rates :				
Lunch-----	195.5	201.0	211.0	+10.0
Breakfast-----	108.8	112.0	117.5	+5.5
Supplements-----	51.3	52.8	55.3	+2.5
PROGRAM TOTAL (millions)-----	\$179.1	\$189.3	\$203.2	+13.9
Reviews (SY)	14	15	15	--
Direct Administration (SY)	19	20	20	--

- (5) An increase of \$8,823,000 in the appropriation for State Administrative Expenses (\$69,108,000 available in 1992). The increase consists of:

(a) an increase of \$55,000 for pay costs which consists of \$12,375 for the annualization of Fiscal Year 1992 pay raise and \$42,625 for part of the Fiscal Year 1993 pay raise.

(b) an increase of \$8,768,000 for State administrative expenses.

Need for Change. The increase is due to the increase in meal service in Fiscal Year 1991 which is the base year for grant formulation.

Nature of Change. An appropriation of \$77,931,000 will be needed in Fiscal Year 1993 for State Administrative Expenses. Each State will receive a grant of at least one percent of the funds expended by the State during Fiscal Year 1991 with a minimum

grant of \$100,000. The funds available above the basic grant will be allocated to the States to improve program administration.

State Administrative Expenses. In Fiscal Year 1993, approximately \$1.7 million of the estimated \$77.9 million in State Administrative Expense funds will be applied to FNS costs of directly operating Child Nutrition Programs in eight States. This amount will support a total of 30 staff years. The estimates herein include similar amounts for such expenses in future years. These State Administrative Expense funds are also used for State employee salaries, benefits, support services and office equipment. The total amount of State Administrative Expenses available for allocation to States is equal to 1.5 percent of Federal cash program payments for the National School Lunch, School Breakfast, Child and Adult Care Food and Special Milk Programs in the second previous fiscal year.

- (6) An increase of \$9,307,000 in the appropriation for Commodity Procurement (\$203,433,000 available in 1992).

Need for Change. Overall Federal entitlement commodity support will increase by \$9.7 million in fiscal Year 1993 as required by law. This increase is partially offset by a decrease in funds for administrative costs related to commodity procurement, the Processed Commodity Inventory Management System (PCIMS), as well as funds for related ADP systems development efforts.

Nature of Change. An appropriation of \$212,740,000 will be needed to fund all aspects of commodity procurement.

Commodities. The FNS commodity activity includes funding for food as well as for administrative costs associated with purchasing, distributing and tracking child nutrition commodities. In Fiscal Year 1993, \$108,000 is budgeted for Agricultural Marketing Service administrative costs resulting from commodity purchasing and shipping activities. Administrative costs budgeted for the Agricultural Stabilization and Conservation Service total \$796,000. Funding is also included for the operation of PCIMS which was developed to provide more accurate information on commodity purchases, allocation and payments. The current services level for 1993 shows no change in the projected commodity reimbursement rate based on a forecast of the Producer Price Index.

Commodity Cost Data
(\$ millions)

	1991 <u>Actual</u>	1992 <u>Estimate</u>	1993 <u>Estimate</u>
School Lunch:			
CN Appropriation:			
Commodity Purchases-----	211.1	161.0	169.0
Administrative Costs			
Computer Support-----	1.8	0.9	0.7
AMS Admin-----	0.1	0.1	0.1
ASCS Admin-----	0.5	0.8	0.8
PCIMS-----	0.8	1.0	0.8
Section 32 Commodities-----	<u>350.9</u>	<u>400.0</u>	<u>400.0</u>
School Lunch Total-----	566.1	563.8	571.4

	1991 <u>Actual</u>	1992 <u>Estimate</u>	1993 <u>Estimate</u>
Child and Adult Care Commodities/Cash--	38.4	38.7	40.4
Summer Food Service Commodities	0.9	0.9	0.9
TOTAL COMMODITY COSTS	\$604.4	\$603.4	\$612.7

(7) A decrease of \$303,000 in the appropriation for the Coordinated Review System (\$4,583,000 available in 1992). The change consists of:

- (a) an increase of \$192,000 for pay costs which consists of \$43,200 for the annualization of Fiscal Year 1992 pay raise and \$148,800 for part of the Fiscal Year 1993 pay raise.
- (b) a decrease of \$495,000 to fund the reduced level of operations.

Need for Change. The Coordinated Review System was started after a series of audits and reviews indicated problems in school meal counting and claiming free meal reimbursements for more meals than actually served to eligible children. A pilot program to assess the situation began in 1989. Management evaluations and reviews will be conducted using standards consistent with State-conducted review standards and results will be shared with the States. The Fiscal Year 1992 level includes funds to assist states in implementing the Coordinated Review regulations. These training sessions will end by Fiscal Year 1993.

Nature of Change. An appropriation of \$3,780,000 will be needed in Fiscal Year 1993 to fund the Unified Review Program.

(8) An increase of \$6,385,000 in the appropriation for Nutrition Education, Nutrition Studies and Surveys, the Food Service Management Institute and implementation of the Dietary Guidelines. (\$15,157,000 available in 1992).

Need for change. An increase of \$5,000,000 is requested for the Nutrition Education and Training program. This amount will be used to expand the education and training of preschool and child care providers on preparing nutritious, economical and safe foods and using nutrition education curricula developed for preschool children. These efforts will help close the gap in current USDA nutrition education efforts by targeting childcare and preschool providers and very young children. An increase of \$2,000,000 is requested for implementation of the Dietary Guidelines. Technical assistance and nutrition education materials for child nutrition programs need to be revised to reflect current scientific knowledge and health recommendations. The requested amount will be used to develop new meal patterns for all Child Nutrition Programs, recipes, menu planning guides and training packages. These efforts will help improve children's health by educating and training food service workers on how to prepare healthier meals in accordance with the new Federal Dietary Guidelines for Americans.

A decrease of \$750,000 in the appropriation for Nutrition Studies

CHILD NUTRITION PROGRAMS
Summary of Proposed Legislation
(Dollars in Thousands)

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION 1/

	<u>1992</u>		
	<u>Current</u>	<u>Program</u>	<u>President's</u>
	<u>Law</u>	<u>Changes</u>	<u>Budget</u>
School lunch program	\$3,653,445,000	-\$1,273,000	\$3,652,172,000
School breakfast program	744,385,000	+351,000	744,736,000
Child and Adult care food program	1,189,370,000	--	1,189,370,000
Summer food service program	189,334,000	--	189,334,000
State administrative expenses	69,108,000	--	69,108,000
Commodity procurement	203,433,000	+224,000	203,657,000
Unified Review System	4,083,000	--	4,083,000
Nutrition studies and surveys	3,835,000	--	3,835,000
Nutrition education and training	10,000,000	--	10,000,000
Food Service Management Institute	<u>1,322,001</u>	<u>--</u>	<u>1,322,001</u>
Total request	6,068,315,000	-698,000	6,067,617,000
Section 32	<u>400,000,000</u>	<u>--</u>	<u>400,000,000</u>
 Total Available	 6,468,315,000	 -698,000	 6,467,617,000

1/ Proposed legislation is being submitted for the FY 1993 Budget and will affect costs for the last quarter of Fiscal Year 1992 for Child Nutrition Programs.

will fund this program at the 1991 level.

An increase of \$135,000 for the Food Service Management Institute will provide additional funding for FY 1993. This amount will allow the institute to conduct additional satellite training sessions for Child Nutrition program operators on implementing the Dietary Guidelines.

Nature of change. An appropriation of \$21,542,000 will be needed to fund these programs and initiatives in Fiscal Year 1993.

SUMMARY OF INCREASES AND DECREASES - INITIATIVES AND PROPOSED LEGISLATION

	1993		
	Current	Program	President's
	Law	Changes	Budget
School lunch program	\$3,959,805,000	+\$5,635,000	\$3,965,440,000
School breakfast program	813,540,000	+2,991,000	816,531,000
Child and Adult care food program	1,187,747,000 ^{a/}	+1,463,000	1,189,210,000
Summer food service program	203,200,000	--	203,200,000
State administrative expenses	77,931,000	--	77,931,000
Commodity procurement	212,740,000	-2,669,000	210,071,000
Unified Review System	3,780,000	--	3,780,000
Nutrition studies and surveys	3,085,000	--	3,085,000
Nutrition education and training	15,000,000	--	15,000,000
Food Service Management Institute	1,457,000	--	1,457,000
Dietary Guidelines	<u>2,000,000</u>	<u>--</u>	<u>2,000,000</u>
Total request	6,480,285,000	+7,420,000	6,487,705,000
Section 32	<u>400,000,000</u>	<u>--</u>	<u>400,000,000</u>
Total Available	6,880,285,000	+7,420,000	6,887,705,000

^{a/} This amount assumes the enactment of discretionary appropriations language which results in a reduction of \$200,318,000.

Explanation of Proposed Legislation

Proposed legislation will increase benefits to students receiving reduced price meals in School Lunch, School Breakfast, and Child and Adult Care Feeding Programs

The proposal targets increased benefits to students and families between 130-185 percent of poverty (from \$17,420 to \$24,790 for a family of four in the 1991-92 school year) by cutting the maximum charge for a reduced price lunch from 40 cents to 15 cents and for a reduced price breakfast from 30 to 10 cents. All new rates will be extended to children participating in the Child and Adult Care Food Program in child care centers.

Increases in reduced price meal subsidies will be offset by about a 6 cent decrease in subsidies for meals served to children from households above 185 percent of poverty. It is expected that meal prices for upper income children would increase by 6 cents.

Currently, slightly over one-half of students eligible for reduced price meals, or 2.3 million children, apply and are approved for reduced price breakfasts and lunches in schools. This proposal would encourage almost 10 percent more households between 130 and 185 percent of poverty to submit applications and participate in the programs. The number of applicants for meal benefits could increase by an estimated 250,000 children.

In addition, the proposal will increase the likelihood that a child receiving a reduced price lunch who has already applied would participate by decreasing the charge for a lunch by 60 percent. Currently, eighty-three percent of those children approved for reduced price meals eat a school lunch on any given day. Under this proposal these children are expected to eat a school lunch more frequently.

Due to refinements in the cost estimates, subsequent to the President's Budget, the total cost the proposal will be slightly lower than the figures presented in the Budget.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Milk Program:

For necessary expenses to carry out the special milk program, as authorized by section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772), [\$23,011,000] \$14,898,000, to remain available through September 30, [1993] 1994. Only final reimbursement claims for milk submitted to State agencies within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary.

This change makes the appropriation available until September 30, 1994.

SPECIAL MILK PROGRAM

Appropriations Act, 1992	\$23,011,000
Budget Estimate, 1993.....	14,898,000
Decrease in Appropriation	-8,113,000

SUMMARY OF DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Change</u>	<u>1993 Estimated</u>
Cash payments to States	\$23,011,000	-\$8,113,000	\$14,898,000

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
1. Cash payments to States:				
(a) Paid milk (>130% pov.):	\$17,967,988	\$21,428,464	-\$7,552,780	\$13,875,684
(b) Free milk (<130% pov.):	1,300,012	1,582,536	-560,220	1,022,31
Total, Appropriation	19,268,000	23,011,000	-8,113,000(1)	14,898,000

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
1. Cash payments to States:				
(a) Paid milk (>130% pov.):	\$19,046,585	\$19,336,000	+1,077,623	\$20,413,623
(b) Free milk (<130% pov.):	1,378,042	1,428,000	76,000	1,504,000
Total, obligations	20,424,627	20,764,000	+1,153,623	21,917,623
Recovery of prior year obligations.....	-1,193,979	--	--	--
Unobligated balances:				
Available, start of year	-4,943,758	-4,772,623	-2,247,000	-7,019,623
Available, end of year	+4,772,623	+7,019,623	-7,019,623	--
Expiring.....	+ 208,487	--	--	--
Total Appropriation	19,268,000	23,011,000	-8,113,000(1)	14,898,000

EXPLANATION OF PROGRAM

Overview of Program Development. Originally designed to support milk prices while encouraging children to drink more milk, the Special Milk Program was first funded by the Commodity Credit Corporation in 1955. The Agricultural Act of 1961 authorized the first direct appropriation for the Program. The Special Milk Program is now authorized by Section 3 of the Child Nutrition Act of 1966, as amended.

Eligibility. Eligible institutions include public and private nonprofit schools of high school grade or under, summer camps, and similar institutions that do not participate in another meal service program authorized by the Child Nutrition Act or the National School Lunch Act. In addition, children in split session kindergartens in public private non-profit schools who do not have access to the meal service programs operating in those schools may participate in the Special Milk Program.

Benefits. The program provides institutions with subsidies for half-pints of milk served to children. In Fiscal Year 1992, approximately 186 million half-pints of milk will be served in the Special Milk Program. These include about 176 million half-pints served to children whose family income is above 130 percent of poverty and about 10 million half pints served free to children whose family income is at or below 130 percent of poverty. During Fiscal Year 1992, the average full cost reimbursement for milk served to needy children is expected to be 14.16 cents for each half-pint. Milk served to non-needy children will be reimbursed at 11.00 cents for each half pint. The cash reimbursement rate for non-needy children is adjusted annually on July 1.

State/Federal Responsibilities. The program is operated through a partnership under agreements signed by State educational, social service or health agencies and the Food and Nutrition Service. State agencies administer the program through local school food authorities or other institutions. FNS provides cash reimbursements for milk served to eligible children and also provides funds for State administrative expenses relating to the program.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$8,113,000 is requested in the appropriation for the Special Milk Program (\$23,011,000 available in 1992). On the basis of available funds, there is an increase of \$1,153,623 (\$20,764,000 available in 1992).

Need for change. The decrease in funds reflects the current estimate of funds needed to maintain the program in Fiscal Year 1993 due to adjustments for inflation and program participation. Fiscal Year 1993 will be funded in part by the availability of unobligated carryover funds at the start of the fiscal year.

Nature of change. An appropriation level of \$14,898,000 plus carryover of funds from Fiscal Year 1992 estimated at \$7 million will be needed in Fiscal Year 1993 to provide reimbursement for milk served in the Special Milk Program. Participation continues to grow at a low level. Reimbursement rates for both paid and free milk are expected to remain at the same level for Fiscal Years 1992 and 1993.

	<u>1991</u> <u>Estimate</u>	<u>1992</u> <u>Estimate</u>	<u>1993</u> <u>Estimate</u>
Half-pints served (thousands)			
Paid (above 130% of poverty)	173,147	175,782	184,571
Free 130% of poverty or below)	<u>9,606</u>	<u>10,086</u>	<u>10,591</u>
Total	<u>182,753</u>	<u>185,868</u>	<u>195,162</u>
Reimbursement Rates (cents)			
Paid	11.00	11.00	11.06
Free	14.36	14.16	14.20

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets).

Special Supplemental Food Program for Women, Infants, and Children (WIC):

1 For necessary expenses to carry out the special supplemental food
 program as authorized by section 17 of the Child Nutrition Act of 1966
 (42 U.S.C. 1786), [\$2,600,000,000] \$2,840,000,000, to remain available
 2,3 through September 30, [1993, of which up to \$3,000,000 may be used to
 carry out the farmer's market coupon demonstration project] 1994:
Provided that, of these funds, up to \$5,200,000 shall be available to
carry out the special supplemental food program, consistent with Section
112 of the Department of Justice Appropriations Act, 1993, to promote
neighborhood revitalization. To carry out the special supplemental food
program for the purposes of neighborhood revitalization, the Secretary
may waive any regulations or provisions of law restricting the
distribution of funds. The secretary shall publish in the Federal
Register notice of any such waivers.

The first change deletes language for the Farmers' Market Coupon Demonstration which was only authorized through Fiscal Year 1992.

The second change makes the appropriation available until September 30, 1994.

The third change makes a portion of the appropriation available to promote neighborhood revitalization. This is a multi-agency initiative in the Fiscal Year 1993 budget built on the premise that Federal, state and local governments and community groups must work together to reclaim the neighborhoods embattled by drugs and crime. FNS will contribute to this initiative by helping improve the health of the WIC targeted population.

SPECIAL SUPPLEMENTAL FOOD PROGRAM (WIC)

Appropriations Act, 1992.....	\$2,600,000,000
Budget Estimate, 1993	<u>2,840,000,000</u>
Increase in Appropriation	<u>+240,000,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Special Supplemental Food Program (WIC)	\$2,600,000,000	<u>+240,000,000</u>	<u>\$2,840,000,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
Special Supplemental: Program (WIC):	:	:	:	:
(a) Grants to States: for supplemental: food.....	1,791,332,000:	\$1,964,903,000:	+\$188,383,000:	\$2,153,286,000
(b) Costs for nutrition services and administration...	550,918,000:	627,097,000:	+52,617,000:	679,714,000
(c) Farmers' Market Projects.....	2,750,000:	3,000,000:	-3,000,000:	--
(d) Program evaluation projects.....	4,999,935:	5,000,000:	+2,000,000:	7,000,000
Total, Available....	2,349,999,935:	2,600,000,000:	+240,000,000:	2,840,000,000
G-R-H Reduction.....	65:	0:	0:	0
Total, Appropriation:	2,350,000,000:	2,600,000,000:	+240,000,000:	2,840,000,000

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
Special Supplemen- tal Food Program (WIC).....	:	:	:	:
(a) Grants to Sts. for supple- mental food....	\$1,816,273,022:	\$1,964,903,255:	+\$188,382,745:	\$2,153,286,000

PROJECT STATEMENT
(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
(b) Costs for				
nutrition				
services and				
administration:	553,741,593:	627,097,000:	+52,617,000:	679,714,000
(c) Farmers' Mkt.				
Project.....:	2,750,000:	3,000,000:	-3,000,000:	0
(d) Program				
evaluation				
projects.....:	2,327,800:	7,672,135:	-672,135:	7,000,000 ^{1/}
TOTAL, Obligations:	2,375,092,415:	2,602,672,390:	+237,327,610:	2,840,000,000
Recovery of prior				
obligations.....:	-28,071,817:	0:	0:	0
Unobligated bal.				
Available, start				
of year.....:	-56,981:	-2,672,390:	+2,672,390:	0
Available, end of:				
year.....:	2,672,390:	0:	0:	0
Expiring.....:	363,928:	0:	0:	0
G-R-H Reduction....:	65:	0:	0:	0
Total, Approp.....:	2,350,000,000:	2,600,000,000:	+240,000,000:	2,840,000,000

1/ Includes \$2 million increase in the authorization for research from \$5 million to \$7 million.

Explanation of Program

Overview of Program Development. The Special Supplemental Food Program (WIC) is authorized by section 17 of the Child Nutrition Act of 1966, as amended. The program was established as a two-year pilot project under Public Law 92-433. Public Law 96-499, enacted on December 5, 1980, extended the program authorization through September 30, 1984. The authorization was extended through 1989 by Public Laws 99-500 and 99-591, the School Lunch and Child Nutrition Amendments of 1986. Public Law 101-147, the Child Nutrition and WIC Reauthorization Act of 1989, authorizes the program through September 30, 1994.

Eligibility. Funds are made available to local health clinics or other service sites through State departments of health and to Indian groups to provide supplemental foods to low-income pregnant, postpartum and breastfeeding women, infants and to children up to five years of age who are determined by competent professionals (physicians, nutritionists, nurses and other health officials) to be at nutritional risk.

Benefits. The WIC Program is intended to supplement recipients' existing diets with food packages designed to provide foods rich in nutrients often lacking in the diets of the WIC Program target population. The U. S. Surgeon General's goal is to increase to at least 75 percent, the proportion of mothers who breastfeed their babies in the early postpartum period and to at least 50 percent, the proportion who continue breastfeeding until their babies are 5 to 6 months old. The WIC program encourages breastfeeding in an effort to raise breastfeeding rates toward the U.S. Surgeon General's goal. The authorized

supplemental foods are iron-fortified infant formula, infant cereal, milk cheese, eggs, iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans and peas, and peanut butter. In addition, WIC provides as integral program benefits nutrition education and counseling and referrals to health services. Expansion of cost containment measures, especially infant formula rebates, and increases in appropriated funds has allowed the number of people who can be served by the program to increase.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. WIC benefits are free of charge to all participants.

State/Federal Responsibilities. The program is administered in a Federal/State partnership in which FNS provides cash grants to States for food and administrative expenses. States develop operating plans which, after consideration of public comment and FNS approval as required by statute and Federal regulations, define how the State will implement the program for the year. States then enter into written agreements with local agencies and allocate administrative money to local health care agencies and clinics where WIC programs are administered. In retail purchase States, the local clinics prescribe food packages by providing participants "food instruments" each month which the participants exchange for foods at approved retail grocery stores. The form of the food instruments varies from State to State; they may be vouchers or checks. Where food instruments are checks, retailers deposit them in a bank before their expiration date. Vouchers must be submitted to a State or local WIC agency before their expiration date and the retailers are paid within 60 days. The States are responsible for monitoring retailers and assuring the integrity of the redemption system. Presently, over 47,000 retailers are authorized to participate in the program.

FNS provides funds for the cost of the food packages and the costs of administering the program, including nutrition education. Food funds are allocated to States for food costs on the basis of a funding formula which takes into consideration previous funding, benefit targeting, inflation and each state's number of income eligible persons, low weight births, and infant mortality rates. Administrative funds are allocated among the States for costs for nutrition services and administration associated with the WIC Program. These costs include certifying participant eligibility, food delivery and warehousing, monitoring, nutrition education, breastfeeding promotion, health care coordination and referral, drug abuse education, financial management, clinic operations and administration by State agencies. Slightly more than one-sixth of these administrative funds must be used for breastfeeding promotion and support and nutrition education activities. Up to one-half of one percent of sums appropriated, not to exceed \$5 million, may be made available for evaluation of program performance.

State Food Cost Containment Initiatives to Expand Participation. The Commodity Distribution Reform Act and WIC Amendments of 1987, P.L. 100-237, the Rural Development, Agriculture and Related Agencies Appropriations Act of 1989, P.L. 100-460, and the Child Nutrition and WIC Amendments Reauthorization Act, P.L. 101-147, require State agencies with retail food delivery systems to use a single supplier competitive bidding system or a system with equal savings for the procurement of infant formula. Savings from these efforts are to be used to expand program participation. Further, since increasing participation would increase administrative costs, P.L. 101-147 authorized administrative funding

based on a per participant allocation, annually adjusted for the increased costs of providing State and local services.

The total amount of savings from rebates for Fiscal Year 1991 is slightly more than \$600 million, supporting an average 1,000,000 participants each month. For Fiscal year 1992, savings are projected at over \$650 million, and will maintain 1,000,000 participants each month. Fiscal Year 1993 rebates are projected to remain at the Fiscal Year 1992 level and due to the effects of inflation will support approximately 30,000 fewer participants per month than in Fiscal Year 1992.

P.L. 101-147 permits State agency fiscal year spend forward authority from the second year of implementation of an approved cost-containment system in an amount equal to 3 percent of the States' food grant. P.L. 101-147 also permits State agencies with approved cost containment systems to use funds from the first quarter of a fiscal year to cover obligations incurred during the fourth quarter of the preceding year.

Farmer's Market Coupon Demonstration Projects

The Hunger Prevention Act of 1988, P.L. 100-435, authorized FNS to award grant funds for up to 10 three-year demonstration projects to provide WIC participants with coupons that can be redeemed for fresh, unprepared foods at authorized farmers' markets. The following States were selected through a competitive grant application process to administer the projects: Connecticut, Iowa, Maryland, Massachusetts, Michigan, New York, Pennsylvania, Texas, Vermont, and Washington.

Congress appropriated up to \$3.0 million for the projects in Fiscal Year 1992. FNS intends to allocate Fiscal Year 1992 funds to grantee States based on the same pro rata shares of available funds as they received in Fiscal Year 1991.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$188,383,000 in State WIC food grants (\$1,964,903,000 budgeted in 1992).

Need for Change. This increase will fund inflationary increases in the cost of WIC foods and a leveling off of rebate savings, while serving each month about 5.4 million at-risk pregnant women, infants, and children, the most vulnerable members of the low-income population.

Nature of Change. The average monthly per person food cost will rise from \$31.96 to \$33.39. Average monthly program participation will increase to 5.4 million persons each month.

- (2) An increase of \$52,617,000 in the cost of nutrition education and administrative services (\$627,097,000 budgeted in 1992).

Need for Change. This increase will fund inflationary increases in the cost of providing WIC nutrition education and counseling and other administrative services, while funding administrative costs for 5.4 million participants in 1993.

Nature of Change. The monthly administrative grant per participant will rise from \$10.20 to \$10.54 per month.

- (3) A decrease of \$3,000,000 for Farmers' Market Coupon Demonstration Projects (\$3,000,000 budgeted in 1992).

Need for Change. The Farmers' Market Coupon Demonstration Projects were authorized only through Fiscal Year 1992 and are not included in the Fiscal Year 1993 estimate.

Nature of Change. FNS will not set aside \$3 million for the 10 demonstration projects, but will instead allocate the funds as part of WIC food grants.

- (4) An increase of \$2,000,000 for WIC Program evaluation projects (\$5,000,000 budgeted in 1992).

Need for Change. Increased evaluation funds will allow continuation of the WIC Child Impact Study, a long term effort to measure the impact of WIC participation on children, without sacrificing other mandated research, both ongoing and planned.

Nature of Change. Funds for WIC research and evaluation will be increased from \$5,000,000 to \$7,000,000.

Special Supplemental Food Program

	1991 <u>Actual</u>	1992 <u>Estimate</u>	1993 <u>Estimate</u>
Average Participation per month (in millions).....	4.9	5.1 ^{1/}	5.4
Program level (\$ in millions):			
Food costs	\$1,816.3	\$1,964.9	\$2,153.3
State and local administrative costs	553.7	627.1	679.7
Farmers' Market Projects	2.8	3.0	0.0
Program evaluation projects...	<u>2.3</u>	<u>7.7</u>	<u>7.0</u>
Total	2,375.1	2,602.7	2,840.0

- ^{1/} The fiscal year 1992 Appropriation for this program will support an average of 5.1 million individuals. However, anticipated recoveries of unused fiscal year 1991 funds and lower food costs are expected to be sufficient to finance additional participation for an average of 5.3 million individuals.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Supplemental Food Program:

For necessary expenses to carry out the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), including not less than \$8,000,000 for the projects in Detroit, New Orleans, and Des Moines, \$90,000,000: Provided, That funds provided herein shall remain available through September 30, [1993] 1994: Provided further, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program.

This change makes the appropriation available through September 30, 1994.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Appropriations Act, 1992	\$90,000,000
Budget Estimate, 1993	<u>90,000,000</u>
Change in Appropriation	<u>--</u>

SUMMARY OF INCREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Commodity Supplemental Food Program	<u>\$90,000,000</u>	<u>0</u>	<u>\$90,000,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
Commodity Supplemental				
Food Program (CSFP):				
Commodities.....	\$65,542,400	\$72,000,000	0	\$72,000,000
Administrative costs.....	16,385,600	18,000,000	0	18,000,000
Total Appropriation..	81,928,000	90,000,000	0	90,000,000

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
Commodity Supplemental				
Food Program (CSFP):				
Commodities.....	\$59,847,061	\$78,109,462	-\$6,109,462	\$72,000,000
Administrative costs.....	16,569,167	18,000,000	--	18,000,000
Total Obligations	76,416,228	96,109,462	-6,109,462(1)	90,000,000
Recovery of prior year obligations	-109,399	--	--	--
Unobligated balances:				
Available, start of year ..	-507,055	-6,109,462	+6,109,462	--
Available, end of year ...	6,109,462	--	--	--
Expiring.....	18,764			
Total, Appropriation.....	81,928,000	90,000,000	-- (1)	90,000,000

Explanation of Program

Overview of Program Development. Instituted in November 1968 through Public Law 90-463, the Commodity Supplemental Food Program (CSFP) is now authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended. The elderly component of CSFP was initiated by the Agriculture and Food Act of 1981, P.L. 97-98, which provided for two pilot projects for low-income elderly persons in Polk County, Iowa and in Detroit, Michigan. These projects began operations in September, 1982 and a third pilot project in New Orleans, Louisiana, began after authorization by P.L. 97-370, December 18, 1982. The Food Security Act of 1985, P.L. 99-198, provided that funds available beyond those needed to serve women, infants, and children could be used to serve elderly persons beyond those participating in the original pilot project sites. The program was reauthorized through Fiscal Year 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624. This law increased administrative funding from 15 percent to 20 percent of funds appropriated, discontinued administrative funding based on the value of donated commodities, and allowed establishment of elderly-only sites.

Eligibility and Benefits. This program provides foods donated and purchased by USDA to infants and children up to age six and to pregnant, postpartum and breastfeeding women and senior citizens who have low incomes and are residing in approved project areas. The foods are provided by the Department of Agriculture for distribution through State agencies and are intended to supplement food acquired by recipients with their own money, the Food Stamp Program or other resources. The authorized commodities are iron-fortified infant formula and cereal, adult cereals, canned juice, evaporated milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry or tuna, egg mix, dehydrated potatoes, rice or pasta, and peanut butter or dry beans. Elderly participants are eligible to receive all commodities except iron-fortified infant formula and infant cereal.

CSFP participants sometimes receive "bonus" commodities in addition to the basic food package. As required by P.L. 101-624, 9 million pounds of cheese, more than 2 pounds per person per month, will be provided as a bonus commodity in Fiscal Years 1992 and 1993.

When an excess of appropriate commodities are held in Commodity Credit Corporation (CCC) inventory, they may be donated by CCC without charge to CSFP and used to fulfill part of the entitlement. Such donated commodities are referred to as "free foods". In both Fiscal Years 1992 and 1993, a total of 4 million pounds each year of nonfat dry milk will be donated to this program as required by P.L. 101-624. Since free foods are not charged against the CSFP appropriation, funds that are saved can be made available for participant service.

State/Federal Responsibilities. The CSFP is operated as a State/Federal partnership under agreements signed by State health care or agricultural agencies and the Food and Nutrition Service. The Federal government provides all commodities distributed to participants through the program. Under current law, States are given 20 percent of the Federal funds appropriated to cover administrative costs. Allowable costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) No changes are requested in the appropriation for Commodity Supplemental Food Program (\$90,000,000 available in 1992). On the basis of available funds there is a decrease of \$6,109,462 (\$96,109,462 available in 1992).

Need for Change. The requested amount will support continuation of Fiscal Year 1992 caseload and increased program participation in Fiscal Year 1993. New budget authority will be augmented with anticipated commodity inventories that must be established in Fiscal Year 1992 to support new caseload allocations.

Nature of Change. A funding level of \$90,000,000 will be needed in Fiscal year 1993 to support participation of approximately 250,000 women, infants and children and 134,000 elderly. This will be an increase above the estimated 1992 participation level.

Commodity Supplemental Food Program

	<u>FY 1991</u> <u>Actual</u>	<u>FY 1992</u> <u>Estimate</u>	<u>FY 1993</u> <u>Estimate</u>	<u>Change</u>
Allocated Caseload (in thousands):				
women, infants, children	219	266	250	-16
CSFP/Elderly	114	118	134	16
Avg. Participation (in thousands):				
women, infants, children	186	234	250	16
CSFP/Elderly	110	125 ^{1/}	134	9
Program Level (\$ in millions):				
Distributed food costs	\$59.8	\$78.1	\$72.0	-6.1
State and local administrative costs	16.6	18.0	18.0	--
Total ^{2/}	\$76.4	\$96.1	\$90.0	-\$6.1
Average food cost per person per month:				
Women, Infants and Children:				
Entitlement	\$17.75	\$17.73	\$17.83	+\$0.10
FNS funded	(15.35)	(16.92)	(17.07)	(+0.15)
Free substitute (donated) ..	(2.40)	(.81)	(.76)	(-0.05)
Bonus (donated)	3.71	3.52	3.54	0.02
Average per person total commodities				
	\$21.46	\$21.25	\$21.37	+\$0.12
Elderly:				
Entitlement	\$15.38	\$15.06	\$15.15	+\$0.09
FNS funded	(11.91)	(13.85)	(14.01)	(+0.16)
Free substitute (donated) ..	(3.47)	(1.21)	(1.14)	(-0.07)
Bonus (donated)	4.74	4.62	4.64	+\$0.02
Average per person total commodities				
	\$20.12	\$19.68	\$19.79	\$0.11

^{1/} Participation exceeds caseload as a result of anticipated conversion of WIC caseload to elderly.

^{2/} Includes inventory in Federal warehouses.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Stamp Program:

For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011-2027 and 2029), [\$23,362,975,000; of which \$1,500,000,000 shall be available only to the extent an official budget request, for a specific dollar amount, is transmitted to the Congress] \$28,000,000,000:
 1 Provided, That funds provided herein shall remain available through
 2 September 30, [1992] 1993 in accordance with section 18(a) of the Food
 Stamp Act: Provided further, That up to 5 per centum of the foregoing
 3 amount may be placed in reserve to be apportioned pursuant to [section 3679 of the Revised Statutes, as amended] 31 U.S.C. 1512, for use only in such amounts and at such times as may become necessary to carry out program operations: Provided further, That funds provided herein shall be expended in accordance with section 16 of the Food Stamp Act: Provided further, That this appropriation shall be subject to any work registration or workfare requirements as may be required by law
 4 [Provided further, That \$345,000,000 of the funds provided herein shall be available only to the extent necessary after the Secretary has employed the regulatory and administrative methods available to him under the law to curtail fraud, waste, and abuse in the program:
 5 Provided further, That \$1,013,000,000 of the foregoing amount shall be available for Nutrition Assistance for Puerto Rico as authorized by 7 U.S.C. 2028 of which \$10,825,000 shall be transferred to the Animal and Plant Health Inspection Service for the Cattle Tick Eradication Project].

The first change deletes amounts pertaining to 1992 and inserts the appropriation requested.

The second change makes the appropriation available through September 30, 1993.

The third change updates a reference to U.S. Code.

The fourth change deletes provisions previously incorporated in appropriations which are not necessary because program operations must be conducted in accord with current law.

The fifth change deletes the provision applicable to Nutrition Assistance for Puerto Rico. Appropriations for this activity are requested in a separate account.

FOOD STAMP PROGRAM-CURRENT LAW

Appropriations Act, 1992	\$22,349,975,000
Budget Estimate, 1993	<u>28,000,000,000</u>
Increase in the Appropriation	<u>5,650,025,000</u>

FOOD STAMP PROGRAM - PROPOSED LEGISLATION

Budget Estimate, Current Law, 1993	\$28,000,000,000
Change due to Proposed Legislation	<u>+1,500,000</u>
Net request, President's 1993 Budget Request	<u>\$28,001,500,000</u>

SUMMARY OF INCREASES AND DECREASES - CURRENT LAW
 (On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
<u>Benefits:</u>			
Total, Benefits Cost.....	\$21,027,289,476	+\$999,524	\$21,028,289,000
Unobligated balance..... from Fiscal Year 1991.... brought forward.....	-765,554,476	+765,554,476	--
Reserve for contingency Expiring.....	466,680,000	+4,831,309,000	5,297,989,000
<u>Administrative costs:</u>			
Payments to States	1,538,117,000	+50,859,000	1,588,976,000
Other program costs	<u>84,443,000</u>	<u>+1,303,000</u>	<u>85,746,000</u>
Total Administrative costs ..	<u>1,622,560,000</u>	<u>+52,162,000</u>	<u>1,674,722,000</u>
State error liabilities	-1,000,000	--	-1,000,000
Total, Appropriation.....	<u>22,349,975,000</u>	<u>+5,650,025,000</u>	<u>28,000,000,000</u>
Proposed Legislation.....			<u>1,500,000</u>
President's Budget.....			<u>28,001,500,000</u>

PROJECT STATEMENT - CURRENT LAW

(On basis of available funds)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimated
Benefits:				
Correct benefits.....	\$16,026,499,217	19,513,324,634	+43,124,366	19,556,449,000
Erroneous benefits	1,280,735,359	1,513,964,842	-42,124,842	1,471,840,000
Total, Benefits				
costs.....	17,307,234,576	21,027,289,476	+999,524(1)	21,028,289,000
Administrative cost				
State Administration:	1,108,348,019	1,272,875,000	+46,201,000	1,319,076,000
Anti-fraud.....	71,007,117	82,057,000	+2,872,000	84,929,000
ADP Development.....	19,534,418	25,557,000	-1,106,000	24,451,000
Subtotal, Adminis-				
trative cost.....	1,198,889,554	1,380,489,000	+47,967,000(2)	1,428,456,000
Employment & Training:	150,206,285	157,628,000	2,892,000(3)	160,520,000
Other Program Costs:				
Food Stamp production:				
and redemption.....	60,227,994	62,698,000	+2,320,000(a)	65,018,000
Computer support.....				
systems.....	2,797,832	720,000	+787,000(b)	1,507,000
Certification of SSI:				
recipients for food..				
stamps.....	2,544,000	3,028,000	+112,000(c)	3,140,000
Retailer redemption:				
& monitoring system:	2,188,900	1,849,000	-449,000(d)	1,400,000
Recipient and.....				
cooperative services:	541,545	1,279,000	-429,000(e)	850,000
Research, evaluation:				
and demonstration..				
projects.....	11,237,801	12,369,000	-1,038,000(f)	11,331,000
Retailer Integrity..	--	2,000,000	-500,000(g)	1,500,000
Electronic Benefit..				
Transfer.....	--	500,000	--	500,000
Nutrition, Education:				
Initiative.....	--	--	+500,000(h)	500,000
Subtotal, Other.....				
Program Costs.....	79,538,072	84,443,000	+1,303,000(4)	85,746,000
Total, Administrative:				
costs.....	1,428,633,911	1,622,560,000	52,162,000	1,674,722,000
Total, Obligations...	18,735,868,487	22,649,849,476	+53,161,524	22,703,011,000
Unobligated balances				
Available, start of..				
year.....	--	-765,554,476	765,554,476(5)	--
Available, end of...				
year.....	765,554,476	--		--
Unoblig. Bal.Expiring:	75,258,037	466,680,000	+4,831,309,000(6)	5,297,989,000
State error liabilities	--	-1,000,000	--	-1,000,000
Total, Appropriation..	19,576,681,000	22,349,975,000	+5,650,025,000	28,000,000,000
Proposed Legislation:				+1,500,000
President's Budget...				28,001,500,000

EXPLANATION OF PROGRAMFOOD STAMP PROGRAM

Overview of Program Development. The Food Stamp Program, which is authorized through September 30, 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624, helps individuals and families with low incomes obtain a more nutritious diet.

The program was initiated on a pilot basis in 1961 and established as a permanent program in 1964. The Food Stamp Program enables low-income households to obtain better diets by supplementing the funds they have to spend on food with food stamps for purchasing food items at most food stores. The Food Stamp Program evolved from the commodity distribution to needy families program established in 1936. Commodities purchased for farm assistance purposes were made available for distribution to needy individuals through various Federal, State, and local welfare organizations. In 1961, the basic emphasis of commodity donations changed significantly when an Executive Order expanded the program's objectives from removing surpluses to also encompass raising the quantity and improving the quality of foods distributed. Beginning in that year a food stamp pilot project was undertaken in a number of States.

The Food Stamp Act of 1964 authorized a permanent Food Stamp Program which would gradually supplant commodity distribution. The program was implemented in most counties by 1969, although it was not until Fiscal Year 1975 that the Food Stamp Program expanded to all counties nationally.

Legislation

The impact of the 1990 FACT Act (P.L. 101-624, approved on November 28, 1990), was described in the 1992 Budget. P.L. 101-508, Omnibus Budget Reconciliation Act of 1990, approved November 5, 1990, also had a significant effect on the Food Stamp Program. This Act:

- o Amended a requirement of the 1986 Homeless Eligibility Clarification Act for a single application covering both the Supplemental Security Income (SSI) and Food Stamp Programs for institutionalized people who are about to be released, so that concurrent SSI/food stamp applications could be taken from such individuals instead.
- o Excluded from consideration as income or as a deduction the value of child care provided by State agencies under Section 402 (i) of the Social Security Act to families that do not receive Aid to Families with Dependent Children (AFDC), and who need such care in order to work, and are at risk of becoming eligible for AFDC without such care.
- o Amended the Computer Matching and Privacy Protection Amendments of 1990 to recognize that some Federal programs, such as the Food Stamp Program, have in place notification and timing requirements for adverse actions that differ from the original 30-day requirement.
- o Excluded Earned Income Tax Credits from countable resources for two months--the month of receipt and the next month.

Eligibility and Benefits. Eligible participants are entitled to food stamp allotments based on their household size and net income after

certain deductions. Food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance.

Benefit Costs. The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands and Guam. The cost of food stamps is paid by the Federal Government and is called "benefit" costs. Benefits are paid to program recipients as follows:

1. Food coupons/stamps are the most common method utilized and are issued on a monthly basis to eligible recipients.
2. Electronic Benefit Transfer (EBT) is the major alternative method of providing program participants with the value of the coupons used to make food purchases. EBT projects are currently operating in parts of Pennsylvania, Ramsey County, Minnesota, Maryland, and New Mexico and are planned in other States. Under this system each household recipient is issued a plastic benefit card with a magnetic stripe to make food purchases; no cash or food coupons are involved. At the store, the recipient presents his/her card and enters a unique personal identification number into a terminal that immediately debits the household's account, at a centralized computer, for the amount of purchase. The grocer's account at a designated bank is credited for the same amount. In Fiscal Year 1992, EBT will become an option for all states, as long as their proposals are cost effective.
3. Cash-out and some welfare reform projects enable participants to use cash in lieu of coupons to make their food purchases. Cash out projects are currently operating in California, Alabama and Minnesota. Allotments are issued to recipient households in the form of a check. Welfare Reform projects are currently underway in Alabama, Washington, Minnesota and New York. Generally, the projects consolidate AFDC, General Assistance for families and food stamps to form a single unified program with one set of rules and with benefits issued in the form of one cash grant to families.

It is estimated that approximately \$300-400 million in benefits will be issued through these alternate methods in Fiscal Year 1992.

The Thrifty Food Plan is designed to provide program participants with a nutritionally adequate diet. As required by law, the food stamp allotments for the various household sizes are revised October 1 of each year to reflect changes in the cost of the Thrifty Food Plan as of the prior June. The last revision was made on October 1, 1991. The maximum benefit in Fiscal Year 1992 for a family of four is 103 percent of the value of the plan, or \$370.

State Administration. All direct and indirect administrative costs incurred for certification of households, issuance of food stamps, quality control and fair hearing efforts are shared by the Federal Government and the States on a 50-50 basis. Enhanced Federal funding is available for one ADP system development per State. Proposals approved before November 28, 1990 will be matched at 75 percent; proposals approved after that date will be supported at 63 percent in Fiscal Year 1992 and subsequent years. State agencies can also receive 75 percent funding for fraud prevention related activities. For States with low error rates, the normal 50 percent Federal share of State administrative costs can be increased up to a maximum of 60 percent, depending on the extent to which the State's error rate falls below 6 percent. In order to receive this incentive funding, States must also meet a standard set by the Secretary for the rate of improper denials or terminations. State agencies

are held liable when their rate of overissuances and payments to ineligible households plus their rate for underissuance exceeds the lowest national performance measure ever announced plus one percent. Liabilities are based on the level of State issuance and the extent to which the State's error rate exceeds a tolerance level.

Employment and Training Program (E&T). States are required to implement an employment and training program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training or experience that will increase their ability to obtain regular employment. In Fiscal Year 1992, the Department will provide States 100 percent Federal grants totaling \$75 million, of which \$15 million will be based on State agency performance in placing participants into E&T programs. Additional funds will be spent by State agencies and matched by the Federal government to administer E&T programs.

Other Program Costs. In addition to State administrative and employment and training expenses, other program costs borne by the Federal Government include:

- (1) the printing and transporting of food stamps to State agencies; processing and destruction of redeemed food stamps by Federal Reserve Banks;
- (2) the computer support systems;
- (3) the cost of certifying SSI/Social Security recipients for participation in the Food Stamp Program by the district offices of the Social Security Administration;
- (4) the retailer redemption and monitoring system;
- (5) recipient and cooperative services including funds for printing other than stamps, State Exchange and collection of liability and claims;
- (6) the cost of research, evaluation and demonstration projects authorized under Section 17 of the Food Stamp Act of 1977 and Outreach Projects authorized under the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act for Fiscal Year 1992.
- (7) retailer integrity;
- (8) electronic benefit transfer; and
- (9) nutrition education initiative.

State/Federal Responsibilities. The Food Stamp Program is a Federal-State partnership in which the States administer the program at the service delivery level. Households apply for food stamps at their local State welfare offices. State workers use uniform nationwide rules promulgated by the Food and Nutrition Service (FNS) to determine and certify which households are eligible, to calculate the size of each household's allotment, and to monitor and recertify recipient eligibility. Food stamps are typically dispensed on a monthly basis through local banks or the mail.

Each State must have an Employment and Training (E&T) program to help able-bodied individuals in food stamp households gain skills and experience that will help them obtain regular employment.

The Quality Control System encourages payment accuracy by establishing fiscal incentives based on State performance in benefit determinations. State agencies with high error rates are assessed liabilities, while enhanced administrative funding is provided to States with low error rates.

FNS funds 100 percent of the cost of food stamps redeemed. FNS also funds over 50 percent of State administrative costs for the program. FNS is responsible for authorizing and monitoring stores participating in the program. Approximately 217,000 stores are authorized to redeem food stamps. After recipients use their food stamps to purchase food at stores, the stores redeem the food stamps at banks. The banks, in turn, redeem the food stamps at their regional Federal Reserve Bank, and the Federal Reserve Bank seeks reimbursement from the FNS appropriation directly from the U.S. Treasury. FNS also monitors the redemption process on an ongoing basis.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$999,524 in the appropriation for Benefit Costs, including the effects of the FACT Act (\$21,027,289,476 available in 1992) consisting of:
- (a) An increase of \$43,124,366 for properly issued benefits (\$19,513,324,634 available in 1992).

Need for Change. For Fiscal Year 1993, the anticipated increase in the value of the Thrifty Food Plan (TFP) as well as maintaining the maximum benefit level at 103 percent of the TFP, will result in an increase in benefits for all households. Program participation is expected to increase from 25.6 million per month in Fiscal Year 1992 to 25.8 million in Fiscal Year 1993. In addition, the President's Budget requests a reserve appropriation of \$5.3 billion to be used if unforeseen economic or other circumstances cause an increase in required program payments.

Nature of Change. A comparison of key program workload and cost indicators for Fiscal Year 1991 through 1993 is presented below:

	FY 1991 <u>Actual</u>	FY 1992 <u>Estimate</u>	FY 1993 <u>Estimate</u>
Average participation (000)	22,629	25,640	25,803
Average unemployment rate (percent)	6.50	6.80	6.58
Maximum Allotment	\$352.00	\$370.00	\$371.00
Average benefit per person per month	\$63.89	\$68.33	\$67.91

Current estimates for program participation and average benefit costs indicate that current funding is sufficient. However, for Fiscal Year 1992 unanticipated increases in participation above the level projected may result in a need for additional funding later this Fiscal Year.

- (b) A decrease of \$42,124,842 for erroneous benefits (\$1,513,964,842 available in Fiscal Year 1992).

Need for Change. The overpayment error rate is projected to decline from 7.2 percent in Fiscal year 1992 to 7.0 percent in Fiscal Year 1993.

Nature of Change. A comparison of overpayment error rates and erroneous benefits follows:

	FY 1991 <u>Estimate</u>	FY 1992 <u>Estimate</u>	FY 1993 <u>Estimate</u>
Amount of erroneous benefits (\$ millions)	\$1,281	\$1,514	\$1,471
Error rate	0.074	0.072	0.070

- (2) An increase of \$47,967,000 in the appropriation for State Administrative costs, including the effects of the FACT Act (\$1,380,489,000 available in 1992).

Need for Change. Based on the most recent economic projections, moderate rates of inflation between 1992 and 1993 are expected to increase the cost of providing food stamp benefits.

Nature of Change. This increase reflects the application of a projected rate of inflation of 3.5 percent to the Fiscal Year 1992 base level for costs shared by State and local agencies and the Federal Government. The requested increase also includes \$9 million for incentive payments to States.

- (3) An increase of \$2,892,000 in the appropriation for the Employment and Training Program (\$157,628,000 available in 1992).

Need for Change. The increase is necessary to provide for the matching funds for participant reimbursements and State administrative costs to carry out the Employment and Training Program.

Nature of Change. Public Law 99-195 mandates the Secretary to allocate funds among the States to carry out the Employment and Training Program. This level of funding will enable the Department to provide States \$75 million authorized for 100 percent federally-funded grants, additional matching funds for participant reimbursements and matching for additional State administrative costs to assist them in providing employment and training services.

- (4) A net increase of \$1,303,000 in the appropriation for Other Program Costs, including the effects of the FACT Act (\$84,443,000 available in Fiscal Year 1992)

Need for Change. Increases in other program costs are primarily attributed to the rates of inflation projected between 1992 and 1993 and continued implementation of the FACT Act.

Nature of Change.

(a) Food Stamp Production and Redemption:

An increase of \$1,408,000 in the appropriation for printing of stamps (\$38,050,000 budgeted in Fiscal Year 1992). Increased benefit costs in Fiscal Year 1992 resulted in the need for additional printing funds in Fiscal Year 1992. This projection is based on current production costs. This activity may be affected by the outcome of on-going contract negotiations.

An increase of \$184,000 in the appropriation for shipping of stamps (\$4,976,000 budgeted in Fiscal Year 1992).
 An increase of \$728,000 in the appropriation for the processing of redeemed stamps (\$19,672,000 budgeted in Fiscal Year 1992).

- (b) An increase of \$787,000 for the cost of computer support systems (\$720,000 budgeted in Fiscal Year 1992). The \$1,507,000 projected need for Fiscal Year 1993 includes \$350,000 for the Integrated Quality Control Project, \$187,000 for the Disqualified Recipient System, \$520,000 for the Software Renewal Project and \$450,000 for State Cooperative Data Exchange.
 - (c) An increase of \$112,000 in the appropriation for the cost of certification of Supplemental Security Income recipients for Food Stamps (\$3,028,000 budgeted in Fiscal Year 1992).
 - (d) A decrease of \$449,000 in the appropriation for the cost of the retailer redemption and monitoring system (\$1,849,000 budgeted in Fiscal Year 1992).
 - (e) A decrease of \$429,000 in the appropriation for recipient and cooperative services (\$1,279,000 budgeted in Fiscal Year 1992). The \$850,000 projected need for Fiscal Year 1993 includes \$500,000 for printing other than stamps, \$250,000 for the State Exchange Project and \$100,000 for Food Stamp Program litigation costs and collection of claims.
 - (f) A decrease of \$1,038,000 in the appropriation for research, evaluation and demonstration, and outreach projects (\$12,369,000 budgeted in Fiscal Year 1992).
 - (g) A decrease of \$500,000 in the appropriation for retailer integrity (\$2,000,000 budgeted in Fiscal Year 1992). The \$1,500,000 projected need for Fiscal Year 1993 will provide sufficient funds to continue the retailer data base update, and support additional compliance staff authorized in Fiscal Year 1992.
 - (h) An increase of \$500,000 in the appropriation for the Nutrition Education Initiative. This level of funding will allow the Food and Nutrition Service to sponsor competitive nutrition education grants projects for reaching Food Stamp Program participants that do not currently benefit from existing nutrition education programs. These grants were authorized in P.L. 101-624. These funds are scored as discretionary.
- (5) An increase of \$765,554,476 in unobligated balances available at start of year.
- Need for Change. This increase is for benefit payments in Fiscal Year 1992 as provided in P.L. 101-506.
- (6) An increase of \$4,830,309,000 in unobligated balances lapsing as a contingency for benefit payments not anticipated in budget estimates. (\$466,680,000 is estimated to remain available at the end of Fiscal Year 1992.)

Need for Change. The additional \$4,830,309,000 will provide a total reserve of \$5.3 billion to ensure the availability of sufficient funds and avoid the need for supplemental appropriations or benefit reductions if actual benefit requirements exceed preliminary budget estimates.

FOOD STAMP PROGRAM
Summary of Proposed Legislation
(Dollars in Thousands)

SUMMARY OF INCREASES AND DECREASES - PROPOSED LEGISLATION

Child Support Enforcement: This proposal would expand the child support enforcement system to help single-parents who receive food stamps but not AFDC. These services are already available at no cost to AFDC recipients. By linking food stamp recipients with free assistance in obtaining child support, the income available to about 70,000 families would be increased by an average of \$113 per month. While this income will result in lower food stamp benefits, over the course of a year these families will net nearly \$1,000 in additional income.

Due to the almost one-year lag between initial cooperation and first receipt of child support payments, this proposal would result in zero savings in Fiscal Year 1993, but would increase family income enough to save \$8 million in food stamp costs in Fiscal Year 1994, \$17 million in Fiscal Year 1995, \$28 million in Fiscal Year 1996 and \$31 million in Fiscal Year 1997.

In addition, the Department of Health and Human Services has proposed two changes to the Aid to Families with Dependent Children (AFDC) Program which would increase costs to the Food Stamp Program.

Raising the Asset Limits: The first proposal would give States the option to increase the asset limit to \$10,000 for families already receiving AFDC benefits. The asset limit for families applying for AFDC would remain at the current \$1,000 limit. This proposal would increase food stamp expenditures by \$.7 million in Fiscal Year 1993 and \$14 million over the next five years.

Extend Application of the Plan for Achieving Self-Support (PASS): The second proposal would give States the option to exclude income and resources related to a recipient's approved plan to achieve self-sufficiency from the calculation of AFDC eligibility and benefits. Income and resources excluded from AFDC by a PASS would also be excluded from the calculation of food stamp eligibility and benefits. It is estimated that this proposal will cost \$.8 million in Fiscal Year 1993 and \$47 million over the next five years.

THE FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Nutrition Assistance for Puerto Rico:

For necessary expenses for monthly payments to the Commonwealth of Puerto Rico for nutrition assistance as authorized by 7 U.S.C. 2028, \$1,051,000,000.

This change provides a separate appropriation for Nutrition Assistance for Puerto Rico. Comparable language was deleted from the appropriation for the Food Stamp Program.

NUTRITION ASSISTANCE FOR PUERTO RICO

Appropriations Act, 1992	\$1,013,000,000
Budget Estimate, 1993	<u>1,051,000,000</u>
Increase in Appropriation	<u>+38,000,000</u>

Appropriation Act, 1992.....	\$1,013,000,000
Less Transfer to Animal and Plant Health Inspection Service.....	<u>-10,825,000</u>

Adjusted base for 1992.....	\$1,002,175,000
Budget Estimate, 1993.....	<u>1,051,000,000</u>
Increase over adjusted 1992.....	<u>+48,825,000</u>

SUMMARY OF INCREASES

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Nutrition Assistance for Puerto Rico			
Total Available	<u>\$1,002,175,000</u>	<u>+\$48,825,000</u>	<u>\$1,051,000,000</u>

PROJECT STATEMENT - CURRENT LAW

(on basis of adjusted appropriation)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
Nutrition Assistance for Puerto Rico	\$974,220,000	\$1,013,000,000	+\$38,000,000	\$1,051,000,000
Transfer to:				
Animal and Plant Health				
Inspection Service	- 10,825,000	- 10,825,000	+ 10,825,000	-0-
Total, Appropriation	\$963,395,000	\$1,002,175,000	+\$48,825,000	\$1,051,000,000

Explanation of Program

Overview of Program Development. Authorized by section 116(a) of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), a grant for nutrition assistance to Puerto Rico was implemented July 1, 1982. The Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624, enacted November 28, 1990, reauthorized appropriations through Fiscal Year 1995.

Eligibility. This grant, which replaced the Food Stamp Program in Puerto Rico, gives the Commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. In Fiscal Year 1993, Puerto Rico will continue its system of providing cash benefits to households which meet eligibility standards of the Nutrition Assistance Program. These

eligibility standards are similar to those of the Food Stamp Program.

Benefits. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program. The grant may also be used to fund projects to improve agriculture and food distribution in Puerto Rico. One project related to cattle tick eradication was funded during Fiscal Year 1991 and it will continue to be funded during Fiscal Year 1992 with funds transferred to the Animal and Plant Health Inspection Service.

State/Federal Responsibilities. The Commonwealth must submit its annual plan of operation to the Secretary for approval. The Food and Nutrition Service provides a grant award to the Commonwealth to operate the Program in accordance with its approved plan. The grant is intended to cover 100 percent of the cost of program benefits, 50 percent of the cost of administrative expenses and support for approved special projects up to the limit of the amount available by appropriation.

JUSTIFICATION OF INCREASES

An increase of \$38,000,000 in the appropriation for Nutrition Assistance for Puerto Rico (\$1,013,000,000 available in 1992).

Need for change. This request reflects the authorization level provided in the FACT Act. Of the total amount requested, \$10,825,000 will be available for continuation of the Cattle Tick Eradication Project.

Nature of change. This level will permit the continuation of the Nutrition Assistance Program in a manner consistent with prior years.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Donations [Programs] for Selected Groups:

For necessary expenses to carry out section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), section 4(b) of the Food Stamp Act (7 U.S.C. 2013(b)), and section 311 of the Older Americans Act of 1965, as amended (42 U.S.C. 3030a), [\$233,437,000] \$223,932,000 to remain available through September 30, 1994. For necessary expenses to carry out section 110 of the Hunger Prevention Act of 1988, \$32,000,000.

This change would make funds available for a two year period.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

Appropriations Act, 1992	\$265,437,000
Budget Request, 1993	<u>255,932,000</u>
Decrease in Appropriation	<u>-9,505,000</u>

SUMMARY OF DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Food Distribution Program on Indian Reservations:	\$81,945,000	-\$925,000	\$81,020,000
Nutrition Program for the Elderly.....	151,492,000	-8,580,000	142,912,000
Commodities for Soup Kitchens	<u>32,000,000</u>	<u>--</u>	<u>32,000,000</u>
Total Available.....	<u>265,437,000</u>	<u>-9,505,000</u>	<u>255,932,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1991 Actual</u>	<u>1992 Estimated</u>	<u>Increase or Decrease</u>	<u>1993 Estimated</u>
1. Food Distribution Program:				
on Indian Reservations:				
Commodities in lieu of:				
food stamps.....	\$61,504,200	\$64,289,000	-\$1,713,000	\$62,576,000
Distributing agencies:				
expenses.....	<u>16,735,783</u>	<u>17,656,000</u>	<u>+788,000</u>	<u>18,444,000</u>
Subtotal, Food				
Distribution Program on				
Indian Reservations.....	78,239,983	81,945,000	-925,000(1)	81,020,000
2. Nutrition Program for the				
Elderly:				
Commodities.....	9,811,872	9,918,000	-567,000	9,351,000
Cash in Lieu of				
commodities.....	<u>140,083,179</u>	<u>141,574,000</u>	<u>-8,013,000</u>	<u>133,561,000</u>
Subtotal, Nutrition				
Program for the Elderly..	149,895,051	151,492,000	-8,580,000(2)	142,912,000
3. Commodities for Soup				
Kitchens.....	<u>32,000,000</u>	<u>32,000,000</u>	<u>-- (3)</u>	<u>32,000,000</u>
TOTAL, Available.....	260,135,034	265,437,000	-9,505,000	255,932,000
G-R-H Reduction.....	<u>2,966</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Appropriation.....	<u>260,138,000</u>	<u>265,437,000</u>	<u>-9,505,000</u>	<u>255,932,000</u>

PROJECT STATEMENT
(On basis of current estimate)

Project	1991 Actual	1992 Estimated	Increase or Decrease	1993 Estimate
1. Food Distribution Program				
on Indian Reservations:				
Commodities in lieu of				
food stamps	\$61,503,457	\$60,844,000	+\$1,732,000	\$62,576,000
Distributing agencies				
expenses	16,648,595	17,450,000	+994,000	18,444,000
Subtotal, Food Distribution:				
Program on Indian				
Reservations.....	78,152,052	78,294,000	+2,726,000(1)	81,020,000
2. Nutrition Program for the				
Elderly:				
Commodities	9,742,872	9,212,000	+139,000	9,351,000
Cash in Lieu of				
commodities	131,958,153	131,587,000	+1,974,000	133,561,000
Subtotal, Nutrition Program:				
for the Elderly	141,701,025	140,799,000	+2,113,000(2)	142,912,000
3. Commodities for Soup Kitchens	32,000,000	32,000,000	-- (3)	32,000,000
Total Obligations	251,853,077	251,093,000	+4,839,000	255,932,000
Unobligated balances				
Expiring.....	8,281,957	14,344,000	-14,344,000	--
G-R-H Reduction.....	2,966	--	--	--
Total, Appropriation	260,138,000	265,437,000	-9,505,000	255,932,000

EXPLANATION OF PROGRAM

Food Donations Programs for Selected Groups includes funds for: the Food Distribution Program on Indian Reservations (FDPIR); the continuation of food assistance to the Republic of Palau; the Nutrition Program for the Elderly; and commodity purchases for soup kitchens and food banks authorized by the Hunger Prevention Act of 1988 (Public Law 100-435).

Food Distribution Program on Indian Reservations (FDPIR)

Overview of Program Development. The Food Stamp Act of 1977 authorized the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations or in the Pacific Islands. FDPIR was provided as an alternative to the Food Stamp Program for Indian households in rural areas where the Food Stamp Program was not available or where food stores were inconveniently located. The Act requires that a food distribution program be established on an Indian reservation if an Indian Tribal Organization (ITO) requests the program. If the ITO is capable of administering the program, it may do so in lieu of administration by a State agency. P.L. 97-98 authorized low-income Indian households residing in Oklahoma to participate in the program. The Program has been reauthorized through Fiscal Year 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624.

The Compact of Free Association Act of 1985 (P.L. 99-239) as amended by the Palau Compact of Free Association Act (P.L. 99-658) terminated the Trusteeship Agreement with the Federated States of Micronesia and the Marshall Islands and established them as Freely Associated States. For transition purposes, food assistance continued through Fiscal Year 1989 but at reduced levels, except in the nuclear affected zones

of Bikini and Enewetak, as prescribed by these laws. Food assistance for Palau will continue at normal levels until a compact is in effect for that area.

Eligibility and Benefits. Household eligibility for FDPIR is determined by income and resources in a manner similar to that used for Food Stamp Program eligibility. Recipients must reside on or near a participating reservation, or reside in Oklahoma. In areas where both FDPIR and Food Stamps are available, no household may participate simultaneously in both programs, although they may switch from one program to the other.

The foods made available to the distributing agencies include canned meats and fish, fruit, vegetables and juice, flour, rice, pasta, cornmeal, dairy products, honey, cereal, oil and shortening. To the extent that surplus price-support commodities are available and can be used without waste, the Commodity Credit Corporation (CCC) donates them for use in this program.

State/Federal Responsibilities. The FDPIR is operated through a partnership between State distributing agencies or Indian tribal organizations and the Food and Nutrition Service. The grantee agency is responsible for certifying recipient eligibility, local warehousing and transportation of commodities, distribution of commodities to recipient households, and program integrity.

The Federal Government pays 100 percent of the cost of commodities distributed through the program. In addition, cash payments are made to distributing agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. In Fiscal Year 1992, the Federal Government expects to pay about 80 percent of distributing agencies' administrative expenses. Included among these costs are local warehousing and transportation of commodities, utilities, salaries and equipment.

NUTRITION PROGRAM FOR THE ELDERLY.

Overview of Program Development. Food assistance for the Nutrition Program for the Elderly is authorized by Titles III and VI of the Older Americans Act of 1965. The Older Americans Act Amendments of 1987 (P.L. 100-175) reauthorized the program through Fiscal Year 1991. Additional authorizing legislation is pending in Congress. The cash and commodities provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the home-bound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objectives of promoting better health and reducing the isolation of old age.

The Nutrition Program for the Elderly is administered by the U.S. Department of Health and Human Services (DHHS). USDA supplements DHHS programs for the elderly with commodities and/or cash in lieu of commodities for meals served under the provisions of Title III, section 311(a), Grants for State and Community Programs on Aging, and Title VI, Grants for Indian Tribes, of the Older Americans Act of 1965 (OAA), as amended.

Eligibility and Benefits. Commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. P.L. 100-175 set the rate at 56.76 cents per meal through Fiscal Year 1991. Most States elect to take all of their subsidies in cash and some States choose to receive a combination of cash and commodities. The commodities made available to the Nutrition Program for the Elderly are generally the same as those provided to schools under the Child Nutrition Programs. In addition to the 56.76 cent per meal entitlement, States or Indian tribes which elect 20 percent of their benefits in

commodities are eligible to receive such bonus commodities as USDA can make available.

Although originally a program to distribute nutritious USDA purchased commodities to senior citizen meal sites, the program has evolved primarily into a cash subsidy program. Approximately 94 percent of program resources are distributed to meal providers in cash.

State/Federal Responsibilities. State Agencies on Aging designate area Agencies on Aging to plan and coordinate the program through local outlets. The State Agencies on Aging and Indian tribal agencies request USDA-donated foods, cash in lieu of foods, or a combination of both to use in providing meals to the elderly at various sites. State Agencies on Aging and Indian Tribal organizations that receive commodities obtain them primarily from the State distributing agency that provides USDA foods to schools for the National School Lunch Program.

COMMODITY PURCHASES FOR SOUP KITCHENS.

Overview of Program Development. USDA continues to provide surplus commodities to soup kitchens and food banks as it has in the past. The Hunger Prevention Act of 1988 mandated the purchase and distribution of commodities to soup kitchens and food banks in Fiscal Years 1989- 1991. In addition, the FACT Act, P.L. 101-624 authorizes appropriations of \$40 million for Fiscal Years 1992-1995 for this purpose.

Eligibility. Commodities are distributed to the States which, in turn, provide them to public and charitable institutions that maintain an established feeding operation to provide food to needy homeless persons on a regular basis as an integral part of their activities (soup kitchens). In instances when these commodities cannot be used by these organizations, States provide such commodities to food banks.

Benefit. USDA provides commodities to States for local distribution to soup kitchens and food banks. USDA anticipates the purchase in Fiscal Year 1992 of the following commodities for these outlets: frozen cut-up chicken and frozen ground beef and nonfat dry milk, and the following canned foods: peaches, peas, applesauce, orange juice, corn, green beans, poultry, pork and beef.

State/Federal Responsibilities. Within the States, distribution to soup kitchens and food banks and payments for storage and distribution are the responsibility of State Distributing Agencies. States are responsible for requesting commodities only in quantities that can be efficiently utilized by soup kitchens and food banks and managing the distribution of commodities to local organizations. States are also responsible for ensuring that soup kitchens and food banks comply with all Federal program regulations and requirements. In addition, States are responsible for allocating administrative funds received under The Emergency Food Assistance Program to TEFAP emergency feeding organizations, soup kitchens and food banks.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$925,000 in the appropriation for the Food Distribution Program on Indian Reservations and in the Pacific Islands (\$81,945,000 available in Fiscal Year 1992). On the basis of the current estimate, there is an increase of \$2,726,000 (\$78,294,000 estimated for Fiscal Year 1992) consisting of:
 - (a) A decrease of \$1,713,000 in the appropriation for commodities in lieu of food stamps (\$64,289,000 available for Fiscal Year 1992). On the basis of the current estimate, there is an increase of \$1,732,000 for

commodities in lieu of food stamps (\$60,844,000 estimated for Fiscal Year 1992).

Need for Change. The net decrease in appropriation consists of:

- An increase due to higher costs of the monthly food package totalling \$1,732,000.
- A decrease of \$3,445,000 which reflects amounts appropriated in Fiscal Year 1992 for food costs which are above estimated program need in Fiscal Year 1992 and also will not be needed in Fiscal Year 1993.

Nature of Change. Funds requested will allow the average monthly participation of 136,000 in the Food Distribution Program on Indian Reservations to be maintained at the current estimated level through 1993 and will cover increased food costs.

- (b) An increase of \$788,000 in the appropriation for distributing agencies' administrative expenses (\$17,656,000 available for Fiscal Year 1992). On the basis of the current estimate, there is an increase of \$994,000 for distributing agencies' administrative expenses (\$17,450,000 estimated for Fiscal Year 1992).

Need for Change. The funding level for distributing agencies' administrative expenses is based on the cost of prior operations including an adjustment for inflation. An estimate of \$135,000 is included to provide nutrition education materials to recipients.

Nature of Change. An appropriation of \$18,444,000 will be needed for administrative expenses in Fiscal Year 1993.

Food Distribution Program on Indian Reservations

<u>Indian Reservations</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Average monthly participation 1/	130,126	138,875	138,875	0
Average monthly food package:				
FNS purchased	\$30.63	\$36.64	\$37.69	+\$1.05
CCC bonus commodities	<u>2.99</u>	<u>2.86</u>	<u>2.94</u>	<u>+\$.08</u>
Total monthly food package	\$33.62	\$39.50	\$40.63	+\$1.13
Inventory Restoration	\$13,271,960			
Annual value of				
FNS purchased				
commodities 2/	\$48,231,497	\$60,107,000	\$61,830,000	\$1,723,000

1/ Includes 2,875 for participation in Palau for all years.

2/ Includes \$421,000 in 1991 and \$418,000 in 1992 for the nuclear-affected islands.

<u>Indian Reservations</u>	FY 1991	FY 1992	FY 1993	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Indian Administration Cost	16,648,595	17,450,000	18,444,000	+994,000
Disaster Feeding	500,000	500,000	500,000	0
Commodity Administrative Cost 3/	(227,120)	237,000	246,000	9,000
TOTAL FNS COST	\$78,152,052	\$78,294,000	\$81,020,000	2,726,000
CCC bonus commodities	<u>4,666,000</u>	<u>4,663,000</u>	<u>4,798,000</u>	<u>135,000</u>
GRAND TOTAL	<u>\$82,818,052</u>	<u>\$82,957,000</u>	<u>\$85,818,000</u>	<u>+\$2,861,000</u>

3/ Commodity administrative costs are included in the food cost estimates for Fiscal Year 1991.

- (2) A decrease of \$8,580,000 in the appropriation for the Nutrition Program for the Elderly (\$151,492,000 available for Fiscal Year 1992). On the basis of the current estimate, there is an increase of \$2,113,000 for the Nutrition Program for the Elderly (\$140,799,000 estimated for Fiscal Year 1992).

Need for Change. The net decrease in appropriation consists of:

- An increase of \$2,113,000 due to increased program participation of an additional 4 million meals served in Fiscal Year 1993.
- A decrease of \$10,693,000 which reflects amounts appropriated in Fiscal Year 1992 above estimated program need in Fiscal Year 1992 which also will not be needed in Fiscal Year 1993.

Nature of Change. Increased funding will support anticipated program growth at a reimbursement rate of 56.76 cents per meal.

	FY 1991	FY 1992	FY 1993
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
Meals served (millions)	242	248	252
Rate per meal (cents)	56.76	56.76	56.76

- (3) The appropriation request for Commodities for Soup Kitchens has been held at the 1992 level.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

The Emergency Food Assistance Program:

For necessary expenses to carry out the Emergency Food Assistance Act of 1983, as amended, \$45,000,000: Provided, That, in accordance with section 202 of Public Law 98-92, these funds shall be available only if the Secretary determines the existence of excess commodities.

For purchases of commodities to carry out the Emergency Food Assistance Act of 1983, as amended \$120,000,000.

THE EMERGENCY FOOD ASSISTANCE PROGRAM

Appropriations Act, 1992	\$165,000,000
Budget Request, 1993	<u>165,000,000</u>
Change in Appropriation	<u>0</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1992</u> <u>Estimated</u>	<u>Program</u> <u>Change</u>	<u>1993</u> <u>Estimated</u>
The Emergency Food Assistance Program			
Total Available	<u>\$165,000,000</u>	<u>\$ 0</u>	<u>\$165,000,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1991</u> <u>Actual</u>	<u>1992</u> <u>Estimated</u>	<u>Change</u>	<u>1993</u> <u>Estimated</u>
Administrative Costs	\$49,998,960	\$45,000,000	0	\$45,000,000
Commodity Procurement	<u>119,998,260</u>	<u>120,000,000</u>	<u>0</u>	<u>120,000,000</u>
Total, Available.....	169,997,220	165,000,000	0	165,000,000
Unobligated Balance Expiring...	570	0	0	0
G-R-H Reduction.....	<u>2,210</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total, Appropriation.....	<u>170,000,000</u>	<u>165,000,000</u>	<u>0</u>	<u>165,000,000</u>

Explanation of Program

Overview of Program Development. The Emergency Food Assistance Program (TEFAP) evolved from the Special Dairy Distribution Program which began December 11, 1981, with the release of 30 million pounds of cheese. The program has the dual goal of reducing the government held commodity surpluses and providing emergency food assistance to low-income individuals and households. TEFAP was formally authorized in 1983 by Section 204 of Public Law 98-8 including the provision of funds to State and local agencies to share some of the cost of intrastate distribution of the commodities.

Public Law 98-92 appropriated funds for Fiscal Year 1983 and authorized funds through Fiscal Year 1985 for costs of storage and intrastate distribution of Commodity Credit Corporation commodities donated to needy individuals by States. Public Law 100-77 authorized funds through Fiscal Year 1988 for this purpose.

For Fiscal Years 1989 and 1990, the Hunger Prevention Act of 1988 authorized \$50 million for continued support of State administrative activities and \$120 million for the purchase and distribution of additional commodities that were high in nutrient content, as well as safely and easily stored and used. The purchased commodities were in addition to commodities that could be made available from USDA inventories. These activities were reauthorized by the FACT Act of 1990, P.L. 101-624. Specific authorizations for appropriation of funds for commodity purchases were included for Fiscal Years 1991-1995.

Eligibility. Commodities are distributed to the States which, in turn, provide them to low-income and unemployed persons, according to income-based eligibility criteria set by the States. States are allocated commodities based on a formula which considers the number of persons in each State below the poverty level (60 percent) and the number of persons unemployed (40 percent).

Benefit. USDA provides commodities and cash subsidies for State and local expenses incurred for storage and distribution of USDA donated commodities. USDA will distribute surplus butter, flour and cornmeal in Fiscal Year 1992. In addition, funds have been provided by direct appropriation so that USDA may also purchase foods high in nutrient density specifically for distribution via TEFAP. The additional foods USDA plans to purchase in Fiscal Year 1992 include canned fruit, vegetables, and items that contribute protein to the diet.

In Fiscal Year 1991, a total of \$50 million in administrative funds were distributed by the Food and Nutrition Service (FNS) to States through grants. In Fiscal 1992, administrative funding was reduced to \$45 million because the volume of commodities available for distribution by States has decreased significantly in recent years. Allocation of administrative funds to States is based on the same formula used to allocate commodities to States (the number of persons in each State below the poverty level and the number of unemployed persons).

State/Federal Responsibilities. The Emergency Food Assistance Program operates as a Federal/State partnership under agreements entered into between FNS and State agencies. Once the foods are made available to States, the overall organization and administration of the program become the responsibilities of State agencies. Each State is responsible for selecting emergency feeding organizations to distribute the commodities and for determining the eligibility of persons to participate. The frequency of the distributions, as well as the quantities of commodities to be distributed to local areas, are also determined by each State distributing agency.

State administrative costs are subsidized by the Federal government. However, States must pass down at least 40 percent of their administrative funding to local organizations. State distributing agency costs include contracted services such as warehousing and delivery of commodities.

State distributing agencies coordinate the activities of emergency feeding organizations, which in turn serve distribution sites nationwide. Typical distribution sites include churches and community action agencies; many sites have other principal purposes unrelated to food distribution. They are staffed largely by volunteers.

The Federal government pays 100 percent of the costs of surplus commodities donated to States, plus the cost of purchased commodities and provides grants of administrative funds. USDA also pays for processing the commodities into household size packages, and shipping them to locations within the states.

JUSTIFICATION OF INCREASES AND DECREASES

Funding for Fiscal Year 1993 is requested at the same level appropriated for Fiscal Year 1992.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Program Administration:

For necessary administrative expenses of the domestic food programs funded under this Act, [\$103,535,000] \$108,690,000; of which \$5,000,000 shall be available only for simplifying procedures, reducing overhead costs, tightening regulations, improving food stamp coupon handling, and assistance in the prevention, identification, and prosecution of fraud and other violations of law: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 shall be available for employment under 5 U.S.C. 3109.

FOOD PROGRAM ADMINISTRATION

Appropriations Act, 1992.....	\$103,535,000
Budget Estimate, 1993.....	<u>108,690,000</u>
Increase in Appropriation	<u>+ 5,155,000</u>

SUMMARY OF INCREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1992 Estimated</u>	<u>Pay Cost</u>	<u>Program Changes</u>	<u>1993 Estimated</u>
Salaries and Expenses....	\$102,616,000	+\$2,586,000	+\$2,169,000	\$107,371,000
FPA Initiatives:				
Food Stamp Tax Offset	41,000	--	+200,000	241,000
Food Stamp Error Reduction.....	<u>878,000</u>	<u>--</u>	<u>+200,000</u>	<u>1,078,000</u>
 Total Available	 <u>103,535,000</u>	 <u>+2,586,000</u>	 <u>+2,569,000</u>	 <u>108,690,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Project</u>	<u>: 1991 Actual</u>	<u>: 1992 Estimated</u>	<u>: 1993 Estimated</u>
	<u>: Staff:</u>	<u>: Staff:</u>	<u>: Staff</u>
	<u>: Amount</u>	<u>: Amount</u>	<u>: Amount</u>
	<u>: Years</u>	<u>: Years</u>	<u>: Years</u>
		<u>Increase</u>	
1. Child Nutrition/:	:	:	:
Special Milk....	\$31,273,000: 574:	\$33,525,000: 584:	+\$1,539,000 : \$35,064,000: 584
2. Supplemental :	:	:	:
Feeding.....	7,910,000: 139:	8,479,000: 141:	+390,000 : 8,869,000: 141
3. Food Stamp.....	55,349,534:1,027:	59,336,000:1,051:	+3,125,000 : 62,461,000:1,051
4. Food Donations..	2,047,000: 39:	2,195,000: 40:	+101,000 : 2,296,000: 40
Total available or :	:	:	:
estimated.....	96,579,534:1,779:	103,535,000:1,816:	+5,155,000 : 108,690,000:1,816
Unobligated :	:	:	:
balance lapsing....	197,208 :	0:	0 :
Graham-Rudman- :	:	:	:
Hollings Reduction:	1,258:	0:	0 :
Total, :	:	:	:
Appropriation.....	96,778,000:1,779:	103,535,000:1,816:	+5,155,000 ⁽¹⁾ : 108,690,000:1,816

EXPLANATION OF PROGRAM

The Food Program Administration (FPA) appropriation funds Federal salaries and expenses necessary for the Food and Nutrition Service (FNS) to administer the U.S. Department of Agriculture's (USDA) domestic food assistance programs.

Overview. FNS was established August 8, 1969 to administer the food assistance programs. The program goals are to provide needy persons with access to a more nutritious diet, to

improve the eating habits of the nation's children, and to help America's farmers by providing an outlet for the distribution of foods purchased under farmer assistance authorities.

USDA began food distribution programs more than fifty years ago and used a variant of the current Food Stamp Program in the 1930's. Over the years, the programs shown in the following table were established and are currently in operation. Most FNS programs are operated in a Federal/State partnership, with State and local agencies administering the program at the actual service delivery level. The general complexity of the programs and the number of State entities that FNS must work with are key factors influencing FPA costs.

<u>Year Begun</u>	<u>Program Name</u>	<u>Number and Types of Non-federal Partners</u>	
1946	National School Lunch Program (NSLP)	56	State Education Agencies
		55	Food Distribution Agencies (Also, 20,400 School Food Authorities)
1955	Special Milk Program		(Essentially the same as NSLP)
1961	Food Stamp Program	53	State Agencies
		213,000	Food Retailers
		10,000	Financial Institutions
		37	Federal Reserve Banks
1965	Nutrition Program for the Elderly	59	State Agencies
1966	School Breakfast Program		(Essentially the same as NSLP)
1968	Child and Adult Care Food Program		(Essentially the same as NSLP)
1969	Summer Food Service Program		(Essentially the same as NSLP)
1969	Commodity Supplemental Food Program	20	State Agencies
1972	Special Supplemental Food Program for Women, Infants, and Children (WIC)	86	State Agencies (Also, 50,000 Food Retailers)
1976	Food Distribution Program on Indian Reservations	6	State Agencies
		87	Indian Tribes
1981	The Emergency Food Assistance Program	55	State Agencies
1982	Nutrition Assistance Program for Puerto Rico	1	State Agency
1983	National Commodity Processing Program	40	Food Processors
1988	Soup Kitchen/Food Bank Program	55	State Agencies

Responsibilities. FNS is responsible for paying the benefit costs and for paying a part of State administrative expenses for most food assistance programs. Depending upon how States have chosen to administer their part of the Federal/State partnership, FNS may work with the State department of human services, department of health, department of education, department on aging, department of agriculture, and/or State level commissions or other administrative units. When State law prohibits a State from disbursing program funds or where no State agency has assumed administrative responsibility, FNS assumes operation of the programs. In some programs, Indian tribal organizations function as State administering agencies.

FNS plans and coordinates the purchase and distribution of surplus commodities to State agencies for use in domestic food assistance programs.

FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State Agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Organization Administrative functions of FNS are managed by an Administrator, two Associate Administrators and four Deputy Administrators. Each Deputy Administrator is responsible for management of program or administrative functions, as follows:

- Food Stamp Program - program planning, development and oversight related to the Food Stamp Program including retail store compliance and monitoring investigations through field locations.
- Special Nutrition Programs - program planning, development and oversight for Child Nutrition, Supplemental Food Programs, Food Donations Programs, National Commodity Processing and nutrition and technical services.
- Financial Management - accounting, budget, grants management and program information functions for all FNS programs.
- Management - personnel, civil rights and equal employment opportunity, information resource management, management information, procurement, property and general administrative services.

Also at Headquarters are two staff offices:

- Office of Analysis and Evaluation - conducts policy research and analysis; supports legislative analysis, budget planning and regulatory review across programs; and conducts special studies and evaluations.
- Office of Governmental Affairs and Public Information - liaison with Congress, media and the public and informational support of FNS programs.

Program operations are managed through seven regional offices, each directed by a regional administrator, incorporating 2 sub-regional offices, 64 field offices, and 18 additional satellite locations. These offices maintain direct contact with State agencies which administer the FNS programs and also conduct on-site management reviews of State operations and the 217,000 retailers authorized to accept food stamps.

For Fiscal Year 1992, FNS will concentrate on improving program administration and operations within existing law. The agency believes that greater emphasis on all aspects of program integrity and efficiency will result in improved benefit delivery to recipients. Major areas of emphasis in the administration of FNS programs include:

- Implementation of the Food, Agriculture, Conservation and Trade Act of 1991, P.L. 101-624, which reauthorized the food stamp and commodity distribution programs.
- Implementation of The Commodity Distribution Reform Act, P.L. 100-237, which mandated food distribution program enhancements which will make the system more responsive to recipient agencies.
- Continued development of procedures to increase consistency of policies and operations among the Aid to Families with Dependent Children, Medicaid, Supplemental Security Income Programs and the Food Stamp Program.
- Management evaluations of State operations, carried out by regional office personnel, by focusing on compliance with program regulations as well as general operational concerns, including local level reviews. In addition to management reviews, FNS is placing increased emphasis on systematic reviews of financial operations and reporting.
- Implementation of a long-term multi-pronged strategy to increase and enhance enforcement actions, and to provide program modifications which will help deter food stamp trafficking.
- Food Stamp Program quality control reviews, to assess the States' liabilities due to excessive error rates in issuance of benefits, and the determination of enhanced

funding for States with low error rates. New standards and procedures for the quality control program established by the Hunger Prevention Act of 1988 are currently being implemented.

- Development of an Agency financial management system that meets the requirements of the Office of Management and Budget, General Accounting Office and Treasury for integrated financial systems.
- Continuation of the Cooperative Data Sharing (State Connectivity) Project, which will include use of the Social Security Administration's telecommunications network to transmit data between States and FNS. FNS currently receives approximately 60,000 reports annually from State and local agencies.
- Continuation of current demonstration projects testing the impact of Electronic Benefit Transfer technology on the Food Stamp issuance, redemption and reconciliation process, and extension of review of EBT technology for use in WIC.
- Special Nutrition Program activities to improve program integrity, accountability, and quality control particularly for the school, child and adult care feeding programs, and the WIC program.
- Continued implementation of child nutrition program regulations required under Public Law 101-147, Child Nutrition and WIC Reauthorization Act.
- Continued operation of the demonstration project to evaluate the participation of proprietary child care centers in the Child and Adult care Food Program.
- Continued operation of the demonstration project to evaluate the feasibility of providing Federal child nutrition funding for meals served to children in homeless shelters.
- Continued operation of the demonstration project to evaluate various alternative methods for accounting for meals served in schools participating in the National School Lunch Program.
- Continued implementation of the recommendations made by the Child Nutrition Program Taskforce on Paperwork Reduction established in accordance with provisions contained in Public Law 101-147.
- Evaluation and issuance of a report to the Congress on the demonstration project established to test various strategies to reduce barriers to participation in the Child and Adult Care Food Program by family day care homes located in low-income areas.
- Continued operation of the grants established under Public Law 101-147 to provide funds to schools to assist in the expansion of the School Breakfast Program.
- Increased information-sharing with States and local school food authorities on the process and benefits of "direct certification"; i.e., allowing direct communication from food stamp and AFDC offices regarding a child's eligibility to participate in lieu of a separate school lunch application.
- Review comments, evaluate operations of and publish final regulations for direct certification of free meal eligibility in the National School Lunch Program.
- Development, in coordination with the Department of Health and Human Services, of dietary guidelines for use in Child Nutrition Programs.
- Continued improvements in forecasting WIC economic impacts, and improved Federal/State reporting and financial data systems to assist WIC State agencies in managing their caseloads more effectively.
- Continued development of the Coordinated Review System to ensure that it effectively

reduces over-counting and claiming problems in the special nutrition programs with special emphasis on integrating Federal and State level reviews to ensure effective resource utilization.

- Exploration of alternate counting and claiming methods that may be able to reduce both burden and errors.
- Implementation of WIC vendor management improvement initiatives and proposed and final regulations to strengthen the integrity of vendor selection, training, monitoring and sanctioning.
- Active participation by WIC and other FNS programs in the Surgeon General's Healthy Children Ready to Learn initiative.
- Continued active promotion of Breastfeeding for WIC participants, which include two meetings of the USDA-sponsored Breastfeeding Promotion Consortium, the development of a public education campaign, and the conduct of eight breastfeeding incentive demonstration grants. Additionally, regulatory changes including administrative support and enhancement of food packages for breastfeeding women on WIC will be proposed.
- Cooperation with the Healthy Start initiative, by offering technical assistance, support and advice as requested to grantee cities to permit the optimal use of Federal assistance, especially WIC, to grantees to support their efforts to reduce infant mortality.
- Implementation of the Processed Commodity Information Management System (PCIMS) which creates one database for three USDA Agencies to use to manage the Commodity Programs, and will make the programs more responsive to recipient agencies.
- Continuation of ongoing research and evaluation of FNS programs including activities to evaluate the impact of WIC participation on child health and development, explore the reasons why some eligible students do not participate in the school nutrition programs, assess the dietary contribution of school meal programs to childrens' diets, and conduct FACT Act mandated demonstrations of coordination between different Federal employment and training programs and other efforts to simplify welfare systems.
- Continuation of the Work Force Diversity initiatives aimed at recruiting and retaining the most qualified individuals; and sensitizing employees to the importance of cultural differences and valuing diversity in the work force.
- Continuation of the Career Development initiatives that will provide Agency-sponsored supervisory and skills development training and encourage/support employee self-development. This will allow for more effective supervisory guidance and counseling on performance and career development, afford each employee the opportunity to achieve his or her full potential, and increase the productivity of the Agency work force.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$5,155,000 for salaries and benefits and other expenses consisting of:

(a) An increase of \$2,586,000 for pay costs which consists of \$896,000 for the annualization of the Fiscal Year 1992 pay raise and \$1,690,000 for part of the Fiscal Year 1993 pay raise.

(b) An increase of \$2,569,000 to fund program initiatives consisting of:

Need for Change. The funds requested are needed to provide the agency with resources to protect the Federal interest and augment agency oversight of vulnerable program delivery operations as well as support

the continuation of ongoing efforts to improve financial management systems and program operations. The additional funds are also needed to implement new initiatives designed to ensure the proper expenditure of Federal funds and to greatly enhance the effectiveness of the Agency's debt management program.

Nature of Change. An increase of \$2,569,000 for additional support for continued projects and new initiatives in Fiscal Year 1993 as follows:

- Increased Costs for ongoing Program Improvement-(\$2,169,000) to provide the agency with resources for existing staff levels in order to continue efficient program operations, to cover costs of increases in health benefits, to maintain pursuit of program integrity and to ensure the proper expenditure of Federal funds. The Federal oversight and program integrity initiatives to be pursued include increasing oversight of the States' management of their vendors and of their administrative costs in the WIC program, improving the accuracy and integrity of the agency's financial reporting and management systems, achieving better management of the commodity foods used in FNS programs, increasing the efficiency of State reporting mechanisms and improving the effectiveness of FNS' monitoring and corrective action efforts in the food stamp, food distribution, and child nutrition programs.
- Food Stamp Error Reduction-(\$200,000) to develop and implement special aggressive error reduction strategies in the regions with the highest rates of inaccuracy in the issuance of Food Stamp Program benefits. Staff will work in regions which have low certification error rates to identify best practices and will develop technical assistance programs to implement appropriate error reduction strategies in States with high error rates.
- Food Stamp Tax Offset Expansion-(\$200,000) to strengthen the agency's debt collection methods, resulting in a significant increase in collections of delinquent debts. Additional resources would be used to initiate or expand several debt management initiatives; writing procedures, providing training and quality control, and providing project oversight. The methods to be explored include the Federal Tax Refund Offset Program, the use of credit bureaus, the Federal/postal employee salary offset program, use of administrative offset, and the charging of interest, penalty, and administrative costs to delinquent debtors, all of which are required or authorized by Federal debt collection statutes. The agency will initiate a pilot project in Fiscal Year 1992 which uses the Federal Tax Refund Offset Program to recover delinquent food stamp recipient claims. In the two pilot States alone FNS expects to recover \$2-3 million in the first two years of implementation. If proven cost-effective, FNS plans to expand the project to additional States in 1993, with proportionately higher collections. Implementation of all of the methods indicated will allow collection of previously uncollectible debts and faster collection of other debts, improving the government's cash flow and reducing the need for the Federal Government to borrow funds.

GENERAL PROVISIONS

The estimates include General Provisions language as follows (new language underscored; deleted matter enclosed in brackets):

Section 701: Limits expenditures on consulting services obtained through procurement contracts to contracts of public record.

[Sec. 701. Hereafter, the expenditure of any appropriation for the Department of Agriculture for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.]

This change deletes the entire section 701. This section in the FY 1992 Appropriations Act provides permanent authority limiting expenditures on consulting services, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 702: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1993:

- 1 Sec. [702] 701. Within the unit limit of cost fixed by law,
- 2 appropriations and authorizations made for the Department of
- 3 Agriculture for the fiscal year [1992] 1993 under this Act shall be
- 4 available for the purchase, in addition to those specifically provided
- for, of not to exceed [442] 659 passenger motor vehicles, of which
- [439] 654 shall be for replacement only, and for the hire of such
- vehicles.

The first change rennumbers the section due to the deletion of a previous section.

The second change adds language making this section of the General Provisions applicable to fiscal year 1993.

The third and fourth changes revise the total number of passenger motor vehicles to be acquired in fiscal year 1993. The estimates propose the acquisition of 659 passenger motor vehicles. Of this amount 654 would be acquired to replace existing vehicles and five would be additions to the fleet. The five additional vehicles are for the following agencies: (1) Agricultural Marketing Service requires three additional vehicles to supply transportation for additional tobacco graders necessary to meet increased work load; (2) Foreign Agricultural Service requires one additional vehicle to provide transportation for a new post; and (3) the National Agricultural Statistics Service requires one additional vehicle to provide transportation to meet increased field activities.

Section 703: Provides that funds available to the Department of Agriculture shall be available for uniforms or uniform allowances.

Sec. [703] 702. Funds in this Act available to the Department of Agriculture shall be available for uniforms or allowances therefore as authorized by law (5 U.S.C. 5901-5902).

This change rennumbers the section due to the deletion of a previous section.

Section 704: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and (7 U.S.C. 427, 1621-1629) and by chapter 63

of title 31, United States Code, shall be available for contracting in accordance with these Acts.

Sec. [704] 703. Not less than \$1,500,000 of the appropriations of the Department of Agriculture in this Act for research and service work authorized by the Acts of August 14, 1946 and July 28, 1954, and (7 U.S.C. 427, 1621-1629), and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with said Acts and chapter.

This change renumbers the section due to the deletion of a previous section.

Section 705: Prohibits the use of funds in this Act to make production or other payments to a person, persons, or corporations who harvest or knowingly permit to be harvested for illegal use, marijuana, or other prohibited drug-producing plants on lands owned or controlled by such persons or corporations.

Sec. [705] 704. No part of the funds contained in this Act may be used to make production or other payments to a person, persons, or corporations upon a final finding by court of competent jurisdiction that such party is guilty of growing, cultivating, harvesting, processing or storing marijuana, or other such prohibited drug-producing plants on any part of lands owned or controlled by such persons or corporations.

This change renumbers the section due to the deletion of a previous section.

Section 706: Provides that advances of money from any appropriation for the Department of Agriculture may be made by authority of the Secretary of Agriculture to chiefs of field parties.

[Sec. 706. Hereafter, advances of money to chiefs of field parties from any appropriation for the Department of Agriculture may be made by authority of the Secretary of Agriculture.]

This change deletes the entire section 706. This section in the FY 1992 Appropriations Act provides permanent authority to advance money to chiefs of field parties, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 707: Provides a limitation on the cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations.

Sec. [707] 705. The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed \$2,000,000: Provided, That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator.

This change renumbers the section due to the deletion of previous sections.

Section 708: Provides that certain funds are to remain available until expended. The following changes are proposed in this section for 1993:

- 1 Sec. [708] 706. New obligational authority provided for the following
- 2 appropriation line items in this Act shall remain available until
- 3 expended: Public Law 480; [Mutual and Self-Help Housing;] Watershed
- 4 and Flood Prevention Operations; Resource Conservation and Devel-
- 5 opment; Colorado River Basin Salinity Control Program; Animal and
- 6 Plant Health Inspection Service, Boll weevil, and up to 10 per centum
- 7 of the Screwworm Program, the contingency fund to meet emergency

- 5 conditions, Integrated Systems Acquisition Project, [the reserve fund
for the Grasshopper and Mormon Cricket Control Programs,] and
buildings and facilities; Agricultural Stabilization and Conservation
Service, salaries and expenses funds made available to county
committees; the Federal Crop Insurance Corporation Fund; Agricultural
6 Research Service, buildings and facilities; [Cooperative State
Research Service, buildings and facilities;] Office of International
Cooperation and Development, Middle-Income Country Training Program;
7 [Dairy Indemnity Program;] higher education graduate fellowships
grants under section 1417(b)(6) of the National Agricultural Research,
Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C.
3152(b)(6)); capacity building grants to colleges eligible to receive
funds under the Act of August 30, 1890, including Tuskegee University;
and buildings and facilities, Food and Drug Administration: Provided,
That, hereafter, such appropriations are authorized to remain
available until expended.

The first change rennumbers the section due to the deletion of previous sections.

The second, fifth, sixth and seventh changes delete accounts for which no funds are requested.

The third change proposes no-year funding for the boll weevil program. No-year funding would give APHIS greater flexibility to contend with the many challenges that face the Agency and the grower associations. The program must contend with weevil population explosions when weather conditions are ideal for the weevils. Cotton acreage in the program areas can change dramatically from year to year, directly impacting program cost and amounts of grower assessments.

The fourth change proposes no-year funding for 10 percent of the Screwworm program, not to exceed program availability. The fiscal years of the United States do not coincide with the fiscal years of Central America and Mexico. This program's budget is prepared on a calendar-year basis. The program must determine the portion of a particular year's activities that can be conducted before the end of the United States fiscal year. With single-year funding, APHIS has encountered problems obligating funds at the end of the United States fiscal year because counterparts do not face the same fiscal year restrictions. Too often, APHIS must either accept an unfavorable situation or lose funds when the United States fiscal year expires. With no-year funding, managers would not have to obligate remaining funds at the end of the fiscal year because savings in one fiscal year could be used for planned activities in future years.

Section 709: Provides that no part of any appropriation in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Sec. [709] 707. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

This change rennumbers the section due to the deletion of previous sections.

Section 710: Provides a limitation on the amount of funds available to provide orientation and language training for families of officers and employees of the Department in anticipation of an assignment abroad of such officers and employees or while abroad, pursuant to Public Law 94-449.

Sec. [710] 708. Not to exceed \$50,000 of the appropriation available to the Department of Agriculture in this Act shall be available to provide appropriate orientation and language training pursuant to Public Law 94-449.

This change rennumbers the section due to the deletion of previous sections.

Section 711: Provides that employees of the agencies of the Department of Agriculture may be utilized to provide part-time and intermittent assistance to other agencies of the Department, without reimbursement, during periods when they are not otherwise fully utilized.

[Sec. 711. Hereafter, notwithstanding any other provision of law, employees of the agencies of the Department of Agriculture, including employees of the Agricultural Stabilization and Conservation county committees, may be utilized to provide part-time and intermittent assistance to other agencies of the Department, without reimbursement, during periods when they are not otherwise fully utilized, and ceilings on full-time equivalent staff years established for or by the Department of Agriculture shall exclude overtime as well as staff years expended as a result of carrying out programs associated with natural disasters, such as forest fires, droughts, floods, and other acts of God.]

This change deletes the entire section 711. This section in the FY 1992 Appropriations Act provides permanent authority to utilize employees wherever required, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 712: Requires that funds provided by this Act for personnel compensation and benefits shall be available for obligation for that purpose only.

[Sec. 712. Funds provided by this Act for personnel compensation and benefits shall be available for obligation for that purpose only.]

This change deletes the entire section 712. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out responsibilities to see that the programs of the Department are operated in the most efficient and effective manner.

Section 713: Limits expenditure of funds on contracts for services to those awarded in accordance with existing law.

[Sec. 713. No part of any appropriation contained in this Act shall be expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), pursuant to any obligation for services by contract, unless such executive agency has awarded and entered into such contract as provided by law.]

This change deletes the entire section 713. This provision is unnecessary because funds are expended on contracts for services that are awarded in accordance with existing law.

Section 714: Prohibits use of funds to enforce regulations that have been disapproved pursuant to a resolution of disapproval adopted by the Congress.

[Sec. 714. None of the funds appropriated or otherwise made available by this Act shall be available to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.]

This change deletes the entire section 714. Funds of this Department are not available to implement regulations disapproved by the Congress in accordance with the applicable law of the United States.

Section 715: Limits the negotiated indirect cost rates on cooperative agreements between the Department and nonprofit institutions to 10 per centum of the value of the agreement.

Sec. [715] 709. No funds appropriated by this Act may be used to pay negotiated indirect cost rates on cooperative agreements or similar arrangements between the United States Department of Agriculture and nonprofit institutions in excess of 10 per centum of the total direct cost of the agreement when the purpose of such cooperative arrangements is to carry out programs of mutual interest between the two parties. This does not preclude appropriate payment of indirect costs on grants and contracts with such institutions when such indirect costs are computed on a similar basis for all agencies for which appropriations are provided in this Act.

This change renumbers the section due to deletion of previous sections.

Section 716: Funds shall not be used to carry out any activity related to the phasing out of the Resource Conservation and Development Program.

[Sec. 716. None of the funds in this Act shall be used to carry out any activity related to phasing out the Resource Conservation and Development Program.]

This change deletes the entire section 716. The budget does not include any funds to phase out this program.

Section 717: Ensures the Commodity Credit Corporation's right and obligation to sell surplus commodities in world trade at competitive prices.

[Sec. 717. None of the funds in this Act shall be used to prevent or interfere with the right and obligation of the Commodity Credit Corporation to sell surplus agricultural commodities in world trade at competitive prices as authorized by law.]

This change deletes the entire section 717. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of these programs.

Section 718: Enables the Secretary of Agriculture to provide commodities to individuals in certain hardship situations.

Sec. [718] 710. Notwithstanding any other provision of this Act, commodities acquired by the Department in connection with Commodity Credit Corporation and section 32 price support operations may be used, as authorized by law (15 U.S.C. 714c and 7 U.S.C. 612c), to provide commodities to individuals in cases of hardship as determined by the Secretary of Agriculture.

This change renumbers the section due to the deletion of previous sections.

Section 719: Limits the expenditure of appropriated funds for space rental and related costs to that level included in the 1992 budget.

[Sec. 719. None of the funds in this Act shall be available to reimburse the General Services Administration for payment of space rental and related costs in excess of the amounts specified in this Act; nor shall this or any other provision of law require a reduction in the level of rental space or services below that of fiscal year 1991 or prohibit an expansion of rental space or services with the use of funds otherwise appropriated in this Act. Further, no agency of the Department of Agriculture, from funds otherwise available, shall reimburse the General Services Administration for payment of space rental and related costs provided to such agency at a percentage rate which is greater than is available in the case of funds appropriated in this Act.]

This change deletes the entire section 719. This change is requested in order to permit the Secretary the flexibility to carry out the efficient operation of the programs of the Department.

Section 720: Requires that not less than twenty construction starts will be initiated in 1992, under the Watershed Protection and Flood Prevention Act, P.L. 566, and not less than five new projects under the Flood Control Act, P.L. 534.

[Sec. 720. In fiscal year 1992, the Secretary of Agriculture shall initiate construction on not less than twenty new projects under the Watershed Protection and Flood Prevention Act (Public Law 566) and not less than five new projects under the Flood Control Act (Public Law 534).]

This change deletes the entire section 720. The 1993 budget proposes to initiate new projects; however, this change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 721: Provides that funds may be used for translating certain USDA publications.

[Sec. 721. Hereafter, funds appropriated to the Department of Agriculture by this Act may be used for translation of publications of the Department of Agriculture into foreign languages when determined by the Secretary to be in the public interest.]

This change deletes the entire section 721. This section in the FY 1992 Appropriations Act provides permanent authority to use available funds to translate certain publications, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 722: Precludes the relocation of the FmHA State Office in Hawaii.

[Sec. 722. None of the funds appropriated by this Act may be used to relocate the Hawaii State Office of the Farmers Home Administration from Hilo, Hawaii, to Honolulu, Hawaii.]

This change deletes the entire section 722. This change is requested in order to permit the Secretary, his policy staff, and program managers the flexibility needed to carry out the mission of that agency.

Section 723: Exempts veterinarians from constraints on personal services contracts under existing law.

[Sec. 723. Hereafter, provisions of law prohibiting or restricting personal services contracts shall not apply to veterinarians employed by the Department to take animal blood samples, test and vaccinate animals, and perform branding and tagging activities on a fee-for-service basis.]

This change deletes the entire section 723. This section in the FY 1992 Appropriations Act provides permanent authority to exempt veterinarians from constraints on personal services contracts, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 724: Establishes minimum staff year floors for certain agencies.

[Sec. 724. None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on full-time equivalent staff years below the level set herein for the following agencies: Food and Drug Administration, 8,259; Farmers Home Administration, 12,675; Agricultural Stabilization and Conservation

Service, 2,550; Rural Electrification Administration, 550; and Soil Conservation Service, 14,177.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 725: Funds appropriated for one-year contracts which extend over two years are to be obligated in the year for which the funds are appropriated.

[Sec. 725. Hereafter, funds appropriated to the Department of Agriculture and the Food and Drug Administration may be used for one-year contracts which are to be performed in two fiscal years so long as the total amount for such contracts is obligated in the year for which the funds are appropriated.]

This change deletes the entire section 725. This section in the FY 1992 Appropriations Act provides permanent authority permitting one-year contracts which are to be performed in two-years as long as such contracts are obligated in the year which funds are appropriated. Therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 726: Funds may be applied only to the objects for which appropriations were made.

Sec. [726] 711. Funds appropriated by this Act shall be applied only to the objects for which appropriations were made except as otherwise provided by law, as required by 31 U.S.C. 1301.

This change rennumbers the section due to the deletion of previous sections.

Section 727: No funds are to be available to restrict the Commodity Credit Corporation from leasing space for its own use or to lease space for others when the space will be jointly occupied.

Sec. [727] 712. None of the funds in this Act shall be available to restrict the authority of the Commodity Credit Corporation to lease space for its own use or to lease space on behalf of other agencies of the Department of Agriculture when such space will be jointly occupied.

This change rennumbers the section due to the deletion of previous sections.

Section 728: Prohibits the release of information acquired in connection with the administration of marketing orders, other than aggregate data.

[Sec. 728. None of the funds provided in this Act may be expended to release information acquired from any handler under the Agricultural Marketing Agreement Act of 1937, as amended: Provided, That this provision shall not prohibit the release of information to other Federal agencies for enforcement purposes: Provided further, That this provision shall not prohibit the release of aggregate statistical data used in formulating regulations pursuant to the Agricultural Marketing Agreement Act of 1937, as amended: Provided further, That this provision shall not prohibit the release of information submitted by milk handlers.]

This change deletes the entire section 728. The Department considers the handler affiliation of particular growers and all other commercial or financial information submitted by handlers to be confidential and exempt from disclosure under the FOIA pursuant to the Agricultural Marketing Act of 1937.

Section 729: Prohibits the use of private debt collection agencies by the Farmers Home Administration.

[Sec. 729. Unless otherwise provided in this Act, none of the funds appropriated or otherwise made available in this Act may be used by the Farmers Home Administration to employ or otherwise contract with private debt collection agencies to collect delinquent payments from Farmers Home Administration borrowers.]

This change deletes the entire section. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of these programs.

Section 730: No funds made available under the Act shall be used to sell loans made by the Agricultural Credit Insurance Fund; and Rural Development Insurance Fund loans offered for sale in fiscal year 1992 shall be first offered to the borrowers for prepayment.

[Sec. 730. None of the funds in this Act, or otherwise made available by this Act, shall be used to sell loans made by the Agricultural Credit Insurance Fund. Further, Rural Development Insurance Fund loans offered for sale in fiscal year 1992 shall be first offered to the borrowers for prepayment.]

This change deletes the entire section. The fiscal year 1993 budget does not include sales of loans made by the Agricultural Credit Insurance Fund nor does it include any Rural Development Insurance Fund loan sales in fiscal year 1993.

Section 731: Prohibits the use of funds to regulate the order or sequence of advances under approved telephone loans from the Rural Electrification Administration, the Rural Telephone Bank, or the Federal Financing Bank.

[Sec. 731. None of the funds in this Act, or otherwise made available by this Act, shall be used to regulate the order or sequence of advances of funds to a borrower under any combination of approved telephone loans from the Rural Electrification Administration, the Rural Telephone Bank or the Federal Financing Bank.]

This change deletes the entire section 731. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 732: Absorption of fiscal year 1992 pay raises.

Sec. [732] 713. Such sums as may be necessary for fiscal year [1992] 1993 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

These changes renumber the section due to the deletion of previous sections and make the provision applicable to fiscal year 1993.

Section 733: Requires grantees receiving Federal funds to disclose the percentage of the total project or program cost that is Federally funded and the amount of Federal funds involved.

[Sec. 733. Hereafter, the Department of Agriculture, when issuing statements, press releases, requests for proposals, bid solicitations, and other documents describing projects or programs funded in whole or in part with Federal money, all grantees receiving Federal funds, including but not limited to State and local governments, shall clearly state (1) the percentage of the total cost of the program or project which will be financed with Federal money, and (2) the dollar amount of Federal funds for the project or program.]

This change deletes the entire section 733. This section in the FY 1992 Appropriations Act provides permanent authority requiring the disclosure of grantees' costs, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 734: Places a prohibition on the use of funds to pay indirect costs on research grants competitively awarded by the Cooperative State Research Service that exceed a specified level of direct costs.

[Sec. 734. None of the funds in this Act shall be available to pay indirect costs on research grants awarded competitively by the Cooperative State Research Service that exceed 14 per centum of total direct costs under each award.]

This change deletes the entire section 734. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 735: Prohibits the use of funds to establish any new office, organization or center, if funds have not been provided in advance.

[Sec. 735. None of the funds in this Act may be used to establish any new office, organization or center for which funds have not been provided in advance in Appropriations Acts, except the Department may carry out planning activities.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 736: Limits the availability of funds for the Market Promotion Program.

[Sec. 736. Of the \$200,000,000 made available for the Market Promotion Program pursuant to section 203 (7 U.S.C. 5623) of the Agricultural Trade Act of 1978, \$70,000,000 shall not become available for obligation until September 30, 1992.]

This change deletes the entire section. This section was applicable to the FY 1992 Appropriations Act, therefore, it is not needed in the FY 1993 Budget.

Section 737: Authorizes APHIS to use funds to contract for services outside of the United States which are necessary for carrying out activities abroad.

[Sec. 737. Funds available to the Animal and Plant Health Inspection Service (APHIS) under this and subsequent appropriations shall be available for contracting with individuals for services to be performed outside of the United States, as determined by APHIS to be necessary or appropriate for carrying out programs and activities abroad. Such individuals shall not be regarded as officers or employees of the United States under any law administered by the Office of Personnel Management.]

This change deletes the entire section 737. This section gives APHIS permanent authority to contract for services outside of the United States, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 738: Authority to reimburse employees for the cost of State licenses and certification fees.

[Sec. 738. Hereafter, notwithstanding any other provision of law, any appropriations or funds available to the agencies of the Department of Agriculture may be used to reimburse employees for the cost of State licenses and certification fees pursuant to their Department of Agriculture position and that are necessary to comply with State laws, regulations, and requirements.]

This change deletes the entire section 738. This section in the FY 1992 Appropriations Act provides permanent authority to reimburse employees for the cost of State licenses and certification fees, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 739: Authority to pay for incidental expenses of volunteers and promotional items relating to the Department's volunteer programs.

[Sec. 739. Hereafter, funds appropriated to the Department of Agriculture may be used for incidental expenses such as transportation, uniforms, lodging, and subsistence for volunteers serving under the authority of 7 U.S.C. 2272, when such volunteers are engaged in the work of the U. S. Department of Agriculture; and for promotional items of nominal value relating to the U. S. Department of Agriculture Volunteer Programs].

This change deletes the entire section 739. This section in the FY 1992 Appropriations Act provides permanent authority to pay incidental expenses of volunteers, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 740: Requires a county Committee to complete sales where the initial selection was made before November 28, 1990, as soon as the selection decision is final and terms are agreeable.

[Sec. 740. Hereafter, the Secretary shall complete the sales of Farmers Home Administration inventory farms, in accordance with the law and regulations in effect before November 28, 1990, in situations in which a county Committee, acting pursuant to section 335 of the Consolidated Farm and Rural Development Act, had made its initial selection of a buyer before November 28, 1990. Such sales shall be completed as soon as the selection decision is administratively final and all terms and conditions have been agreed to. In carrying out sales of inventory property, priority shall be given to the former owner and members of the immediate family.]

This change deletes the entire section. The section in the FY 1992 Appropriations Act provides permanent authority to complete sales begun before November 28, 1990, therefore, it is not necessary to continue to include this section in subsequent appropriations.

Section 741: Requires the coverage under section 2244 of the 1990 Authorization Act of any crop of valencia oranges that was destroyed or damaged by freeze in 1990.

[Sec. 741. None of the funds appropriated or otherwise made available by this Act shall be used to exclude from coverage under section 2244 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101-624) any crop of valencia oranges that, regardless of harvest year, was destroyed or damaged by freeze or related condition in 1990 and is otherwise covered by that section.]

This change deletes the entire section which applied to a specific disaster.

Section 742: Limits loan subsidy rates to a level not to exceed those estimated by OMB in the President's 1992 Budget.

[Sec. 742. Notwithstanding any other provision of law, loan subsidy rates used in carrying out loan programs provided for in this Act shall not exceed those estimated by the Office of Management and Budget and published in the Budget of the United States Government for fiscal year 1992.]

This change deletes the entire section 742. This change is requested in order to permit the Secretary the flexibility needed to adjust loan subsidy rates as actual fluctuations in such subsidy rates occur.

Section 743: Extends Housing Program Authorities.

[Sec. 743. (a) Rental Housing Loan Authority -- Section 515(b)(4) of the Housing Act of 1949 (42 U.S.C. 1485(b)(4)) is amended by striking "September 30, 1991" and inserting "September 30, 1992".

(b) Mutual and Self-Help Housing Grant and Loan Authority -- Section 523(f) of the Housing Act of 1949 (42 U.S.C. 1490c(f)) is amended by striking "September 30, 1991" and inserting "September 30, 1992".

Section 502(h)(3)(C) of the Housing Act of 1949 (42 U.S.C. 1472 note) is amended by striking all that follows "rural area" and by inserting a "." "after rural area".]

This change deletes the entire section 743. This change is requested because further extensions of authorizations for these programs are anticipated through amendments to the Housing Act of 1949.

Section 744: Restricts the use of funds made available to carry out section 515 of the Housing Act of 1949.

[Sec. 744. The Secretary shall ensure that no funds made available to carry out section 515 of the Housing Act of 1949, as amended, shall be used in a manner that differs from the Department's policies or practices in effect on July 1, 1991.]

This change deletes the entire section 744. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 714: Permits funds, not to exceed \$4,000,000, to implement international agricultural science, education, and development programs.

Sec. 714. From funds appropriated under this Act, not to exceed \$4,000,000 may be used to implement international agricultural science, education, and development programs pursuant to section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended.

This change proposes language that will authorize grants to implement international agricultural science, education and development programs. American agricultural producers are increasingly affected by international developments, including trade in agricultural commodities and developments in technology. The proposed change will provide USDA with flexibility to fund projects which can improve agricultural sustainability and U.S. competitiveness through the exchange of agricultural research and extension findings on an international basis.

